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THE SENATE

THIRTEENTH PARLIAMENT – FIFTH SESSION

REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF SIAYA COUNTY WATER COMPANY, MUNICIPALITIES, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/2025.

SECTOR	NO	ENTITY
WATER COMPANY	1	SIBO WATER AND SANITATION COMPANY LTD
MUNICIPALITIES	3	BONDO MUNICIPALITY
		SIAYA MUNICIPALITY
		UGUNJA MUNICIPAL BOARD
HOSPITALS	4	AMBIRA LEVEL 4 HOSPITAL
		BONDO LEVEL 4 HOSPITAL
		GOT AGULU SUB COUNTY LEVEL HOSPITAL
		SIAYA COUNTY REFERRAL HOSPITAL
FUNDS	2	SIAYA COUNTY BURSARY FUND
		SIAYA COUNTY CLIMATE CHANGE FUND

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MARCH, 2026



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ACRONYMS/ABBREVIATIONS

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
COB	Controller of Budget
DPP	Director of Public Prosecution
EACC	Ethics and Anti-Corruption Commission
FIF	Facilities Improvement Financing
GAAP	Generally Accepted Accounting Principles
IFMIS	Integrated Financial Management Information System
IGRTC	Intergovernmental Relation Technical Committee
KEMSA	Kenya Medical Supplies Authority
KRA	Kenya Revenue Authority
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
OAG	Office of the Auditor-General
PAA	Public Audit Act
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SHA	Social Health Authority
SIBO	Siaya and Bondo Water and Sanitation Company
TNT	The National Treasury
UHC	Universal Health Coverage
WASREB	Water Services Regulatory Board

DEFINITION OF TERMS

1. **Unqualified opinion:** A clean opinion stating the financial condition, position, and operations of an organization are fairly presented in accordance with GAAP.
2. **Qualified opinion:** An opinion expressed when financial statements contain a small deviation from GAAP but are otherwise fairly presented, or where management has limited the scope of audit procedures.
3. **Adverse opinion:** An opinion issued when there are material exceptions to GAAP that affect the financial statements as a whole, indicating the statements are not presented fairly.
4. **Disclaimer:** An opinion given when there is significant limitation in access to audit information and documentation, and inadequate cooperation by organizational management.
5. **Accountability:** The assurance that an individual or group will be held responsible for their actions or inactions.
6. **Going Concern:** An accounting principle used for a company that is financially stable enough to meet its obligations and continue its business for the foreseeable future.

PREFACE

Parliamentary Committees are a creation of the Constitution through Article 124(1) of the Constitution, which empowers each House of Parliament to establish Committees and make Standing Orders (SO) for the orderly conduct of its proceedings, including the proceedings of its committees. Pursuant to Article 96(3) of the Constitution, the Senate exercises oversight over national revenue allocated to the county governments. The Select Committee on County Public Investments and Special Funds is established pursuant to Standing Order No. 194 of the Senate Standing Orders and is mandated to-

- a) examine the reports and accounts of county public investments; and
- b) examine the reports, if any, of the Auditor-General on the county public investments.

Pursuant to the provisions of Article 229(4) of the Constitution of Kenya, 2010, the Auditor-General is required to audit and report on the accounts of all national and county government entities, including water companies, municipalities, hospitals and the county funds, within six months after the end of each financial year.

This report covers the consideration by the Committee of the Auditor-General's reports on the financial statements of Siaya County water company, Municipalities, Hospitals and Special Funds for the Financial Year 2024/2025. The entities considered include Siboi Water and Sanitation Company Ltd; Bondo Municipality, Siaya Municipality and Ugunja Municipal Board; Ambira Level 4 Hospital, Bondo Level 4 Hospital, Got Agulu Sub County Level Hospital and Siaya County Referral Hospital; Siaya County Bursary Fund and Siaya County Climate Change Fund.

The Governor of Siaya County, accompanied by relevant officials, appeared before the Committee to respond under oath to audit queries raised by the Auditor-General in the respective reports.

COMMITTEE MEMBERSHIP

The membership of the Committee comprises of the following Senators-

- | | |
|-------------------------------------------|---------------------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP. | - Chairperson |
| 2. Sen. Eddy Gicheru Oketch, MP. | - Vice-Chairperson |
| 3. Sen. Agnes Kavindu Muthama, MP | - Member |
| 4. Sen. William Kipkemoi Kisang, CBS, MP. | - Member |
| 5. Sen. Peris Pesi Tobiko, CBS, MP | - Member |
| 6. Sen. Beth Kalunda Syengo, MP | - Member |
| 7. Sen. George Mungai Mbugua, MP | - Member |
| 8. Sen. Raphael Chimera Mwinzangu, MP. | - Member |
| 9. Sen. Hamida Ali Kibwana, MP | - Member |

COMMITTEE SECRETARIAT

- | | |
|-----------------------------|----------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Erick Njogu | - Clerk Assistant II |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Mr. Khatib Omar | - Clerk Assistant III |
| 5. Mr. Kennedy Owuoth | - Fiscal Analyst |
| 6. Mr. Jeremy Chabari | - Legal counsel |
| 1. Mr. Erick Ososi | - Research Officer I |
| 2. Ms. Linet Aseka | - Research Officer III |
| 3. Ms. Raisa Mwithi | - Research Officer III |
| 4. Mr. Martin Mulandi | - Research Officer III |
| 5. Mr. Peter Katana Kahindi | - Research Officer III |
| 6. Ms. Janice Lekuton | - Research Officer III |
| 7. Ms. Hamun Abdille | - Research Officer III |
| 8. Mr. David Munene | - Research Officer III |
| 9. Mr. Josphat Ng'enh | - Media Relations officer. |
| 10. Mr. Victor Kimani | - Audio officer |
| 11. Mr. Patrick Ngenoh | - Procurement officer |
| 12. Mr. Fredick Okola | - Serjeant-at-arms |

ESTABLISHMENT OF THE COMMITTEE

The Committee was first constituted on 19th October, 2022, pursuant to Standing Order No. 194 of the Senate Standing Orders. The County Public Investments and Special Funds Committee (CPISFC) was split from the broad County Public Accounts and Investments Committee (CPAIC) in the 12th Parliament for the purpose of clearing audit backlog and to consider many audit thematic areas which had not been subjected to Parliamentary scrutiny since the inception of devolution in the year 2013.

The County Public Investments and Special Funds Committee is one of the financial audit committees through which the Senate, under the provisions of Article 96(3) of the Constitution, conducts ex-post scrutiny on Public Investments and Special Funds in Counties.

EXECUTIVE SUMMARY

In the execution of its mandate, the Committee relied on the reports of the Auditor-General on audited accounts of Siaya County water company, municipalities, hospitals and special funds for the Financial Year 2024/25 (1st July, 2024 to 30th June 2025) as the primary documents for the investigations. The Committee invited the Governor of Siaya as the Chief Executive Officer pursuant to Article 179(4) as witnesses to respond to the audit queries raised in the reports under consideration.

The Committee received both written and oral evidence from the Governor, accompanied by relevant county officials, in response to the various audit queries raised by the Auditor-General in the reports under consideration on various dates.

This report presents the findings and recommendations of the Select Committee on County Public Investments and Special Funds following its consideration of the Auditor-General's reports on ten (10) entities in Siaya County for the Financial Year 2024/25. The entities covered are: one (1) water company – Siboi Water and Sanitation Company Ltd; three (3) Municipalities – Bondo Municipality, Siaya Municipality and Ugunja Municipal Board; four (4) hospitals - Ambira Level 4 Hospital, Bondo Level 4 Hospital, Got Agulu Sub County Level Hospital and Siaya County Referral Hospital; and two (2) special funds - Siaya County Bursary Fund and Siaya County Climate Change Fund.

Seven out of the ten entities received a Qualified Opinion, one entity received a Disclaimer Opinion, and two entities received a Qualified Opinion with significant going concern matters, from the Auditor-General, indicating the existence of significant audit issues that require urgent management attention and corrective action.

The key issues identified across the entities include: going concern uncertainties arising from negative working capital; failure to operationalize municipal mandates; inaccuracies in financial statements; non-compliance with PSASB reporting templates; incomplete fixed asset registers; unsupported property, plant and equipment balances; failure to retain and transfer 25% of revenues to health centres; unresolved prior year audit matters; budgetary control weaknesses; non-remittance of statutory deductions; and weaknesses in internal controls and governance. Encouragingly, a number of entities demonstrated responsiveness to audit queries, with several issues fully resolved including the establishment of hospital management boards, revenue reconciliations, and asset tagging exercises.

This report documents the observations and recommendations of the Committee on each audit query as raised by the Auditor-General.

REPORT STRUCTURE

THE PREFACE DETAILS the place of Committees in the Constitution, Committee establishment and mandate, Committee membership and formation, the niche of the Committee in the Senate, the executive summary, key observations and recommendations and acknowledgement.

CHAPTER ONE is a record of the audit queries raised in the Auditor-General's report on Siaya Water Company for the Financial Year 2024/25, along with the Committee's observations and recommendations for each audit query.

CHAPTER TWO is a record of the audit queries raised in the report of the Auditor-General for Siaya Municipalities for the Financial Year 2024/25, along with the Committee's observations and recommendations for each audit query.

CHAPTER THREE is a record of the audit queries raised in the report of the Auditor-General for Siaya Hospitals for the Financial Year 2024/25 and observations and recommendations of the Committee on each audit query.

CHAPTER FOUR is a record of the audit queries raised in the report of the Auditor-General for Siaya Special Funds for the Financial Year 2024/25 and observations and recommendations of the Committee on each audit query.

GENERAL OBSERVATIONS FOR WATER COMPANY

The Committee made the following general observations regarding the operations and financial management of Siaya Water Company under review: -

- 1. Material Uncertainty on Going Concern** – The Committee observed that Siboi Water and Sanitation Company Ltd is technically insolvent due to negative working capital amounting to Kshs. 27,597,938. The company made losses amounting to Kshs. 26,868,092, indicating that the continued operations of the company are dependent on the continued financing by the County Government of Siaya and its creditors. This fact has not been disclosed in the Notes to the Financial Statements as required under IAS 1:25.
- 2. Unreconciled Balance in Customer Deposits** – The Committee noted an unexplained variance of Kshs. 23,338,297 between the statement of financial position balance and the deposit account bank statements. Although a refund of Kshs. 1,480,000 has been made, the issue is only partially addressed as the Company continues to make unauthorised internal borrowings from the customer deposit account without legal backing.
- 3. Deficiencies in Financial Reporting** – The Committee noted inaccuracies and errors in the preparation and presentation of financial statements. The Accounting Officers faced challenges in submitting supporting documents to auditors on time, contrary to Section 62 of the Public Audit Act, Cap. 412B.
- 4. Weak Budgetary Control and Performance** – The Committee observed weaknesses in budget execution by the water company. While the partially addressed status on budgetary control is noted, the underfunding from the Exchequer and under-utilization of appropriated funds remain significant concerns affecting service delivery.

GENERAL RECOMMENDATIONS FOR WATER COMPANY

The Committee makes the following recommendations to address the observed deficiencies and enhance the performance, compliance, and sustainability of the Water Company: -

- 1. Strengthening Financial Sustainability** – The Governor ensures the Board of Directors and Accounting Officers institute comprehensive strategic and innovative measures for recovery and to boost the financial health of the water company for self-sustainability. The County Governor through the County Executive Committee member for water should monitor the financial operations of the water company pursuant to Section 184 of the Public Finance Management Act.
- 2. Customer Deposits Management** – The Board of Directors should put in place a Customer Deposits Management Policy to guide how the water company can access, utilize, and refund customer deposits within specified timelines. The full

outstanding amount should be refunded to the designated customer deposit bank account within sixty (60) days of the adoption of this report.

7. **Enhancement of Record Keeping and Audit Compliance** – The Governor ensures the Board and Accounting Officers implement proper record keeping and provide all requisite supporting documents to the Auditor-General in accordance with Section 9(1)(e) of the Public Audit Act, Cap. 412B, within the stipulated audit timelines.
8. **Strict Adherence to Statutory and Regulatory Frameworks** – The Governor ensures the Board and Accounting Officers of the water company are directed to ensure strict compliance with all relevant laws and regulations, including the Public Finance Management Act, the Public Audit Act, the Water Act, the Accountants Act, the Companies Act, and the WASREB guidelines.

GENERAL OBSERVATIONS FOR MUNICIPALITIES

The Committee made the following general observations regarding the operational and financial management of Municipalities under review: -

- 1. Lack of Operational Autonomy of Municipalities** – The Committee observed that the municipalities lacked operational independence from the County Executive in areas of management, function and finances. This contravened sections 12, 20, 45 and 46 of the Urban Areas and Cities Act, 2011 CAP. 275. In particular, Bondo Municipality's payments are still made by the County Treasury despite having its own budgetary allocation, and this issue remains not addressed.
- 2. Deficiencies in Financial Reporting and Standards Compliance** – The Committee observed that there were numerous inaccuracies and errors in the financial statements of municipalities. While Ugunja Municipal Board addressed the goods and services variance and PPE variances, the municipalities continue to face challenges in adapting to the International Public Sector Accounting Standards (IPSAS) framework.
- 3. Asset Management** – The Committee observed that the assets belonging to municipalities were still being held and managed by the county executive, making it impossible for municipalities to maintain and update asset registers, contrary to Section 104(1)(h) of the Public Finance Management Act, 2012.
- 4. Weak Budgetary Control and Performance** – The Committee observed that municipalities had weaknesses in executing their approved budgets. In Siaya Municipality, long outstanding trade and other payables are only partially addressed while budgetary control issues and operationalization of vote heads remain not addressed.

GENERAL RECOMMENDATIONS FOR MUNICIPALITIES

The Committee makes the following recommendations to address the observed deficiencies and enhance the governance, financial management, and operational autonomy of Municipalities: -

- 1. Enforcement of Municipal Autonomy and Adequate Funding** – The Governor ensures that the operationalization of municipalities is undertaken according to the functions delegated as gazetted by the County Government. The Governor should further ensure that all municipalities in the county are fully operationalized to undertake their delegated functions in line with law by the commencement of the Financial Year 2026/2027.
- 2. Strengthening Financial Reporting Capacity** – The Governor ensures the Municipal Manager and the head of finance shall, in consultation with the County Treasury and the Public Sector Accounting Standards Board (PSASB),

develop and implement a continuous capacity-building program for all finance officers on the application of International Public Sector Accounting Standards (IPSAS). Where issues have been partially addressed, the Governor ensures full compliance is achieved in the subsequent financial year.

3. **Transfer of Assets and Maintenance of Asset Registers** – The Governor ensures the County Executive Committee member responsible for finance and economic planning shall, within sixty (60) days of the adoption of this report, execute a formal instrument transferring custody and management of all assets belonging to the municipality.
4. **Settlement of Outstanding Payables** – The Governor ensures the Municipal Manager prepares a structured payables settlement plan for all long outstanding payables and submits a comprehensive ageing analysis to the Auditor-General within 60 days of adoption of this report. For matters already partially addressed, the Governor ensures full settlement by the end of Financial Year 2025/2026.
5. **Adherence to Approved Budgets** – The Governor ensures the Municipal Manager enforces strict adherence to approved budget ceilings for all programs and should ensure that any reallocation of funds between programs receives prior written approval from the Municipal Board and, where required, the County Treasury.

GENERAL OBSERVATIONS FOR HOSPITALS

The Committee observed that-

1. **Non-Compliance with Kenya Quality Model for Health Policy Guidelines** – The Committee observed that the hospitals did not fully comply with the Universal Healthcare standards. The establishment of management boards, which was addressed for Ambira Level 4 Hospital and Bondo Level 4 Hospital through gazettelement, is commended. However, staffing and equipment gaps remain not addressed across most hospitals.
2. **Inaccuracies of the Financial Statements** – The Committee observed inaccuracies and errors in the preparation and presentation of financial statements in almost all hospitals. Bondo Level 4 Hospital addressed the income from rendering of services reconciliation and trade payables documentation. Siaya County Referral Hospital addressed the income from rendering of services and financial statement variances. However, non-compliance with PSASB standards, inaccuracies in statements of net assets, and budgetary control remain not addressed across several hospitals.
3. **Incomplete Transfer of Assets and Deficient Asset Registers** – The Committee observed that most hospitals have not fully taken custody of assets from the County Executive and consequently do not maintain updated fixed asset

registers. The PPE issue for Siaya County Referral Hospital is only partially addressed. Issues for Ambira, Got Agulu, and Bondo L4 remain not addressed.

4. **Long Outstanding Payables and Receivables** – The Committee noted that all four hospitals had long outstanding payables and receivables exceeding one year. Got Agulu's revenue reconciliation with the Receiver of Revenue has been addressed, but all other outstanding payable and receivable issues remain unresolved.

GENERAL RECOMMENDATIONS FOR HOSPITALS

The Committee recommends that-

1. **Compliance with Kenya Quality Model for Health Policy Guidelines** – The Governor submits to the Senate a comprehensive plan outlining the specific measures being taken to address the hospitals' staffing shortages and equipment gaps within sixty (60) days of adoption of this report.
2. **Capacity Building on Financial Reporting Standards** – The Governor ensures the hospital management teams, in consultation with the Public Sector Accounting Standards Board (PSASB), facilitate continuous capacity building on financial reporting standards for finance officers and management in hospitals to improve the quality of reporting and enhance compliance.
3. **Expediting Transfer and Valuation of Assets** – The Governor should engage the Inter-Governmental Relations Technical Committee (IGRTC) to fast-track the transfer and valuation of all assets so that hospitals reflect their true financial position. The Accounting Officers should, within sixty (60) days of adoption of this report, prepare updated asset registers and submit to the Auditor-General for verification.
4. **Settlement of Outstanding Payables and Recovery of Receivables** – The Governor ensures the hospital Accounting Officers prepare a structured payables settlement plan and aggressive receivables recovery strategy, including circularization of debtors. Each hospital should file a status update with the Auditor-General within 60 days of adoption of this report.
5. **Revenue Reconciliation** – The Governor ensures the hospital Accounting Officers, in conjunction with the Receiver of Revenue of Siaya County, undertake quarterly reconciliation of revenues to resolve persistent variances. Where issues have been addressed, the Accounting Officer should ensure this practice continues to sustain the improvement.

GENERAL OBSERVATIONS FOR SPECIAL FUNDS

The Committee observed that-

1. **Uncertainty on Sustainability of Services** – The Committee observed that the Siaya County Bursary Fund's ability to continue to sustain its services is in serious doubt due to non-disbursement of the approved budget of Kshs. 134,000,000 and legal challenges raised by the Office of the Controller of Budget. This issue remains not addressed.
2. **Comprehensive Non-Compliance** – The Committee noted that the Siaya County Climate Change Fund had a very high rate of unresolved issues, with 11 out of 12 matters not addressed and only 1 partially addressed. This indicates a systemic failure in internal controls, financial reporting, procurement planning, and governance of the Fund.
3. **Underfunding of Special Funds** – The Committee observed that the Siaya County Climate Change Fund was underfunded by Kshs. 81,426,495, representing 38% of its budget. This underfunding severely hampered the implementation of planned programmes and projects and remains not addressed.

GENERAL RECOMMENDATIONS FOR SPECIAL FUNDS

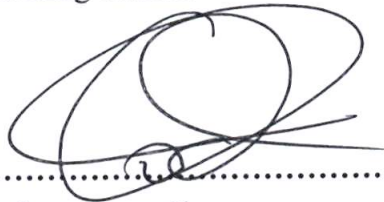
The Committee makes the following recommendations on Special Funds: -

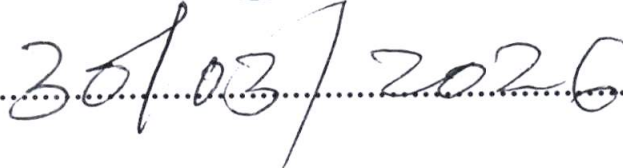
1. **Legal Compliance and Sustainability of Bursary Fund** – The Governor ensures the Siaya County Bursary Fund operates as per the legal provisions or ceases operations. Proper legal authority for the function must be obtained through compliance with Article 187 of the Constitution as read together with the Intergovernmental Relations Act Cap 265F. The County Assembly should adopt the PAIC recommendations for Financial Year 2023/2024 to ensure prior year matters are resolved.
2. **Urgent Remediation of Climate Change Fund** – The Governor ensures the Accounting Officer immediately institutes a comprehensive remediation plan covering all 11 unresolved audit matters. Disciplinary measures should be taken on officers responsible for failure to maintain proper retention accounts, procurement plans, and quarterly reporting. A status report should be submitted to the Senate within 60 days of adoption of this report.
3. **Exchequer Funding** – The Governor should follow up with the National Treasury to ensure timely disbursement of Exchequer funds to special funds to avoid underfunding that adversely affects programme implementation.

ACKNOWLEDGEMENTS

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate in the execution of its mandate. I also take this opportunity to thank the Members of the Committee for their due diligence and commitment in considering the audit reports. The Committee further wishes to express its appreciation to the able secretariat for their support and services in facilitating the Members and the Committee in its operations.

On behalf of the County Public Investments and Special Funds Committee, it is my pleasant duty and privilege to table this report on the floor of the Senate and commend it to the House for debate and adoption pursuant to the provision of Standing Order No. 223 (6) of the Senate Standing Orders.

SIGNED:


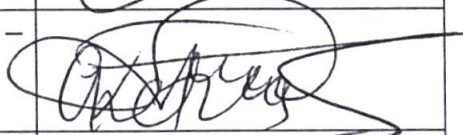

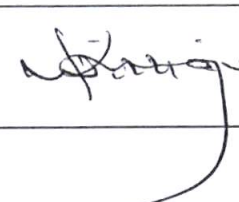
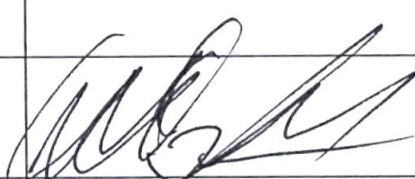
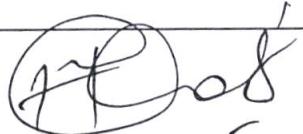
DATE:

HON. SEN. GODFREY ATIENO OSOTSI, CBS, MP
CHAIRPERSON

ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF SIAYA COUNTY WATER COMPANY, MUNICIPALITIES, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/2025.

SECTOR	NO	ENTITY
WATER COMPANY	1	SIBO WATER AND SANITATION COMPANY LTD
MUNICIPALITIES	3	BONDO MUNICIPALITY
		SIAYA MUNICIPALITY
		UGUNJA MUNICIPAL BOARD
HOSPITALS	4	AMBIRA LEVEL 4 HOSPITAL
		BONDO LEVEL 4 HOSPITAL
		GOT AGULU SUB COUNTY LEVEL HOSPITAL
		SIAYA COUNTY REFERRAL HOSPITAL
FUNDS	2	SIAYA COUNTY BURSARY FUND
		SIAYA COUNTY CLIMATE CHANGE FUND

We, the undersigned Members of the Select Committee on County Public Investments and Special Funds, do hereby append our signatures to adopt this report.

No.	Name	Signature
1.	Sen. Godfrey Atieno Osotsi, CBS, MP (<i>Chairperson</i>)	
2.	Sen. Eddy Gicheru Oketch, MP (<i>Vice - Chairperson</i>)	
3.	Sen. Agnes Kavindu Muthama, MP	
4.	Sen. William Kipkemoi Kisang, CBS, MP.	
5.	Sen. Peris Pesi Tobiko, CBS, MP	
6.	Sen. Beth Kalunda Syengo, MP	
7.	Sen. George Mungai Mbugua, MP	
8.	Sen. Raphael Chimera Mwinzangu, MP	
9.	Sen. Hamida Ali Kibwana, MP	

CHAPTER ONE: WATER COMPANY

1.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIBO WATER AND SANITATION COMPANY LTD FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Sibbo Water and Sanitation Company Ltd for the Financial Year 2024/25. The following officers accompanied the Governor -

1. Mr. Maurice Otieno McOrege - CECM Lands, Physical Planning, Housing and Urban Development
2. Ms. Jacqueline Oduol - CECM Water
3. Mr. Isaiah Adipo, CPA - MD, SIBO Water and Sanitation Company Ltd
4. Mr. George Odhiambo Nyin'giro - (CECM) for Finance
5. Mr. Cornel Otieno - Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Sibbo Water and Sanitation Company Ltd for the financial year on the following basis—

1. Material Uncertainty on Going Concern

The Company is technically insolvent because of negative working capital amounting to Kshs. 27,597,938. Further, this fact has not been disclosed in the Notes to the Financial Statements as required under IAS 1:25 on presentation of financial statements. In addition, the Company made losses amounting to Kshs. 26,868,092 (Kshs. 27,371,045 in 2024) implying that the continued operations of the Company are dependent on the continued financing by the County Government of Siaya and its creditors.

Management Response

That strategies have been put in place to address the issue.

Committee Observations

The Committee observed that-

- i. The Company is technically insolvent due to negative working capital of Kshs. 27,597,938 casting doubt on the Company's ability to continue as a going concern.

- ii. The Company has made losses amounting to Kshs. 26,868,092, continuing the trend from the prior year loss of Kshs. 27,371,045.
- iii. Management indicated that strategies have been put in place; however, no documentation or implementation plan with specific timelines was provided to the Committee.

Committee Recommendation

The Committee recommends that-

- i. the Governor ensures that the Accounting Officer institutes strategic and innovative measures for recovery and to boost the financial health of the water company for self-sustainability, and submits a comprehensive turnaround plan to the Senate within sixty (60) days of the adoption of this report;
- ii. the Accounting Officer should prepare and submit quarterly reports to the County Treasury in regard to the financial and non-financial status of the water company in line with section 166 of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences shall apply;
- iii. the County Executive Committee Member in charge of water should take full responsibility for monitoring the financial performance of the county corporation in line with section 184 of the Public Finance Management Act, 2012 and regularly report to the Governor through the County Executive Committee in line with Article 179 (6) of the Constitution;
- iv. the County Treasury should undertake annual reporting on County Corporation, including an assessment of the commercial viability of the company in line with the standards set by the Water Services Regulatory Board under section 77(2) of the Water Act, 2016; and
- v. the Accounting Officer should, within 60 days of the adoption of this report, put in place strategic and innovative measures for recovery and to boost the financial health of the water company for self-sustainability. Additionally, the management reviews and regularizes the company's existing assets and have updated assets register that reflect the current financial position. Further, management to determine and ascertain their commercial viability as required by the Public Sector Accounting Standards Board (PSASB).
- vi. the Accounting Officer ensures the material uncertainty on going concern is fully disclosed in the Notes to the Financial Statements in accordance with IAS 1:25 in the subsequent financial year's statements.

2. Unreconciled Balance in Customer Deposits

There was an unexplained variance of Kshs. 23,338,297 between the statement of financial position balance of Kshs. 29,531,798 and deposit account bank statements balance of Kshs. 6,193,501 as a liability (customer deposits). Results from internal borrowings made by the Company from the customer deposit account to the tune of Kshs. 18,750,413.80 and an amount totalling Kshs. 4,587,882.75 relating to customer deposit funds not remitted to the Company during the transition from the National Government. Borrowings from the customer deposit account are utilized to mitigate emergency situations. Although a refund of Kshs. 1,480,000 has been made, the basis of borrowing is not backed by law or any authority.

Management Response

The noted variance relates to internal borrowings made by the Company from the customer deposit account for emergency operations such as power restoration and purchase of new pump sets. All borrowings are only made upon prior approval from the Board of Directors.

Committee Observations

The Committee observed that-

- i. Management has made a partial refund of Kshs. 1,480,000 towards the customer deposit account. However, the full variance of Kshs. 23,338,297 remains unreconciled. The issue is partially addressed.
- ii. Although a refund has commenced, the basis of borrowing from the customer deposit account is not backed by any legal authority, and a Customer Deposits Management Policy has not been put in place.
- iii. The practice of internally borrowing from customer deposits without proper legal framework continues to expose customers to financial risk and undermine financial integrity.

Committee Recommendation

The Committee recommends that the Governor ensures that—

- i. **The Accounting Officer should, within 60 days of the adoption of this report, make full refund of all outstanding borrowings to the customer deposit bank account and submit evidence of the same to the Senate and the Auditor-General for verification;**
- ii. **the Board of Directors should, within 60 days of the adoption of this report, put in place a Customer Deposits Management Policy to guide how the water company can access, utilize, and refund the money within specified**

timelines, and ensure full disclosure to customers on the utilization of deposits; and

- iii. the Accounting Officer ensures that all customer deposits are deposited in a fixed/call account whose access to management is limited, and management submits evidence of compliance to the Auditor-General within 60 days of adoption of this report.

CHAPTER TWO: MUNICIPALITIES

2.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BONDO MUNICIPALITY FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH,, accompanied by relevant officials, appeared before the Committee on 12th March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Bondo Municipality for the Financial Year 2024/25. The following officers accompanied the Governor—

1. Mr. Maurice Otieno McOrege - CECM Lands, Physical Planning, Housing and Urban Development
2. Mr. Philip Mbindyo - Municipal Manager for Bondo Municipality
3. Mr. George Odhiambo Nyin'giro - CECM for Finance
4. Mr. Cornel Otieno - Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Disclaimer Opinion** on the financial statements of Bondo Municipality for the financial year on the following basis—

1. Failure to Operationalize the Mandate of Bondo Municipality

The Governor granted Municipality status to Bondo Municipality in March 2023. Examination of the operations of Bondo Municipality revealed that the Municipality has not been operationalized and its payments are still made by the County Treasury despite the Municipality having its own budgetary allocation. The Municipality does not maintain an operational bank account; making it impossible to confirm all transactions in the statement of financial performance and financial position as there were no cash books, bank reconciliation statements, cash flow statements and bank statements.

Management Response

Delegation of functions, powers and competencies is the responsibility of the Executive and is always a gradual process. Nevertheless, the Executive is committed to ensure that all responsibilities are eventually transferred to the municipality. This can be demonstrated by the accomplishments that have so far been achieved; enactment, provision of charter and finally definition of vote heads in the IFMIS system.

Committee Observations

The Committee observed that-

- i. Despite being granted Municipality status in March 2023, Bondo Municipality has not been operationalized and its payments continue to be made by the County Treasury. The issue is not addressed.
- ii. The Municipality does not maintain an operational bank account, cash books, bank reconciliation statements, or cash flow statements, making it impossible to verify financial transactions.
- iii. failure to operationalize the Municipality contravenes Section 46(1) of the Urban Areas and Cities Act, 2011, which requires the Board to keep proper books and records of its income, expenditure, assets and liabilities.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures that Bondo Municipality is fully operationalized in line with the Urban Areas and Cities Act, 2011, with control of its operations and finances transferred to the Municipal Board by the commencement of Financial Year 2026/2027;**
- ii. **the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;**
- iii. **the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- iv. **the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**
- v. **the Governor ensures that an operational bank account is opened for Bondo Municipality immediately, and all future payments are made directly from the Municipality's own accounts; and**
- vi. **the Governor ensures the Municipal Manager maintains proper books and records in compliance with Section 46(1) of the Urban Areas and Cities Act, 2011 and submits a status report to the Senate within 60 days of adoption of this report.**

2. Unsupported Comparative Balances

The statement of financial performance and position reflects comparative balances. However, this is the first year that the Bondo Municipality is preparing financial statements. It is not clear, and Management has not provided explanation on the source

of the comparative balances. Additionally, the statement financial position as at 1st July, 2024 was not provided and the amounts reported in the financial statement were not supported.

Management Response

The amount of Kshs. 97,846 relates to a project done in FY 2023/24 which remained unpaid. The Municipality inherited this amount in the FY 2024/25 when it was defined in IFMIS and therefore was treated as an opening balance in the initial Statement of Financial Position. The prior year date will be amended to read 1st July 2024.

Committee Observations

The Committee observed that-

- i. The comparative figures were wrongly labelled as 1st July 2025 instead of 1st July, 2024. The Statement of Financial Position as at 1st July, 2024 was not provided and the amounts reported in the financial statement were not supported
- ii. Management has not adequately explained the basis and source of all comparative balances included in the financial statements.

Committee Recommendation

The Committee recommends that—

- i. The Governor ensures that the financial statements are presented in compliance with the template provided by the PSASB, as required under Regulation 42(1)(a) of the Public Finance Management (County Government) Regulations, 2015.; and
- ii. the Accounting Officer corrects the comparative figures in the subsequent financial year to reflect the true position and provides supporting documentation for all opening balances.

3. Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs. 14,418,931. Included in this amount is Kshs. 2,080,085 incurred on maintenance of Obama Market-Sinapanga Road. Review of recorded transactions revealed that the amount had been paid and therefore was not a payable. Additionally, ledgers provided for audit for trade and other payables reflected an amount of Kshs. 16,499,017 resulting in an unreconciled variance of Kshs. 2,080,086.

Management Response

The Kshs. 2,080,085 incurred on the maintenance of Obama Market-Sinapanga had been paid according to our financial statements; however, our trade and other payable

ledgers had not been appropriately updated at the time of audit. We have provided the supporting ledgers reconciling the trade and other payables.

Committee Observations

The Committee observed that Management has provided correct ledgers supporting the trade and other payables of Kshs. 14,418,931 and the reconciliation has been confirmed.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

4. Unsupported Balances in the Financial Statements

The statement of financial position reflects balances that are not supported with ledgers. The amounts of property, plant and equipment include Kshs. 12,906,888 which appears to be the net balance of revenue from exchange transactions of Kshs. 45,684,902 after deducting total expenses of Kshs. 32,778,104. It was not even clear how the revenue was arrived at considering that all expenditures are paid directly by the County Treasury and the amount was not even in the initial Municipality Budget.

Management Response

The amount of Kshs. 12,906,888.39 for property, plant and equipment is supported by Asset Movement Schedule in Note 24 of the financial statement as well as the PPE ledgers, Asset register extract and the assets payment vouchers. Secondly, all payments done by the county on behalf of the Municipality were treated as revenue.

Committee Observations

The Committee observed that Management has provided the Asset Movement Schedule, PPE ledgers, Asset register extract and payment vouchers supporting the property, plant and equipment balances.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIAYA MUNICIPALITY FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orenge, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Siaya Municipality for the Financial Year 2024/25.

The following officers accompanied the Governor—

1. Mr.Maurice Otieno McOrege - CECM Lands, Physical Planning, Housing and Urban Development
2. Ms.Linet Oyalo - Siaya Municipal Manager
3. Mr.George Odhiambo Nyin'giro - CECM for Finance
4. Nicholas Musumba - Municipal Accountant, Siaya Municipality
5. Cornel Otieno -Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Siaya Municipality for the financial year on the following basis—

1. Inaccuracies in the Financial Statements

Multiple inaccuracies were noted across the financial statements: (i) Use of goods and services reflects Kshs. 10,185,442 while the general ledger reflects Kshs. 10,395,442 — variance of Kshs. 210,000; (ii) Board expenses reflect Kshs. 3,705,000 while the general ledger reflects Kshs. 3,705,500 — variance of Kshs. 500; (iii) Depreciation and amortization reflects Kshs. 17,382,725 while the general ledger reflects Kshs. 17,481,538 — variance of Kshs. 98,813; (iv) Statement of financial position reflects Kshs. 91,290,936 while the general ledger reflects Kshs. 91,438,436 — variance of Kshs. 147,500; and (v) Transfers from the County Government of Kshs. 64,244,023.86 recorded in the ledgers while the financial statements reflected Kshs. 63,786,524 — variance of Kshs. 457,499.

Management Response

The inaccuracies were as a result of errors of omissions during data entry and these have been corrected in the attached amended ledgers and Journal entries.

Committee Observations

The Committee observed that-

- i. Management has provided journal entries for amending the financial statements for the year ending 30th June 2025. However, the Municipality has not restated the amounts in the general ledger retrospectively as required by IAS 8:42.
- ii. Multiple variances exist between the financial statements and the general ledger across several line items, indicating systemic weaknesses in the financial statements preparation process.

Committee Recommendation

The Committee recommends that—

- i. **The Governor, through the Accounting Officer, should undertake a reconciliation that pertains to payments for outstanding works for which no certificate had been issued. The Auditor-General to provide a status update in the subsequent audit cycle;**
- ii. **The Governor, through the Accounting Officer should ensure compliance with section 149(2) of the Public Finance Management Act, Cap. 412A regarding preparation and management of financial and accounting records failure to which provisions of section 199 of the Public Finance Management Act on penalties for offenses shall apply;**
- iii. **The Governor, through the Accounting Officer, should strengthen internal audit controls and ensure proper record keeping;**
- iv. **The Governor, through the Accounting Officer, should enhance the capacity of officers preparing financial statements to comply with the accounting standards and should further invest in technology and processes that reduce inaccuracies in the preparation of financial statements; and**
- v. **The Governor, through the Accounting Officer, to take administrative action on the officers within the Accounts and Finance department who fails to keep complete financial records in accordance with their terms and conditions of appointment or employment and as required by the Accountants Act, Cap. 534.**

2. Staff Costs

Wages for temporary staff amounting to Kshs. 12,446,480 were not supported by way of payment vouchers. Management explained that the payments were made by Siaya County Executive. However, records relating to the payments including deductions of statutory deductions and remittance to various relevant government entities were not provided for audit review.

Management Response

A sample of payment vouchers for the statutory deductions and remittance to relevant government entities has been attached for review. It is also worth noting that the payment vouchers for temporal staff which were under the custody of the municipal board were availed during the auditing process.

Committee Observations

The Committee observed that Management has provided the payment vouchers for the casual wages and payment vouchers for statutory deductions.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables amounting to Kshs. 29,794,213. Review of trade and other payables revealed that an amount of Kshs. 10,841,081 has remained outstanding for periods exceeding one year. Further, the aging analysis prepared by management was incomplete as it did not include all invoice numbers.

Management Response

The long outstanding trade and other payable relates to the payment of Supply and Installation of Fabricated Containers for Office spaces, spatial plan, landscaping and fencing of the cemetery, which was as a result of budgetary constraint and liquidity challenges. We have however factored the same in the financial year 2025/2026 and a detailed ageing analysis has been provided though a few gaps are still present.

Committee Observations

The Committee observed that-

- i. Management has budgeted for the settlement of long outstanding trade and other payables of Kshs. 10,841,081 in Financial Year 2025/2026. The issue is partially addressed.
- ii. The ageing analysis provided was incomplete as some invoice numbers are still missing, indicating continued gaps in financial record keeping.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures the Municipal Manager settles all long outstanding payables of Kshs. 10,841,081 fully by the end of Financial Year 2025/2026,**

and submits a status report on the same to the Senate within 60 days of adoption of this report; and

- ii. the Governor ensures the Municipal Manager prepares and maintains a complete updated ageing analysis of payables with all invoice numbers to support effective monitoring, timely resolution of long outstanding debts, and compliance with Regulation 22(1) of the Public Finance Management (County Governments) Regulations, 2015.

2.3 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UGUNJA MUNICIPAL BOARD FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Ugunja Municipal Board for the Financial Year 2024/25. The Governor was accompanied by

1. Mr. Maurice Otieno McOrege - CECM Lands, Physical Planning, Housing and Urban Development
2. Mr. Fredrick Ochieng Opondo - Ugunja Municipal Manager
3. Mr. George Odhiambo Nyin'giro - CECM for Finance
4. Victor Akama Misolo - Municipal Accountant in Ugunja Municipality
5. Cornel Otieno - Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Ugunja Municipal Board for the financial year on the following basis—

1. Variance in Use of Goods and Services

The statement of financial performance reflects an amount of Kshs. 4,418,414 relating to use of goods and services. However, review of the ledger provided for audit revealed an amount of Kshs. 4,911,893 during the year, resulting in an unexplained and unreconciled variance of Kshs. 493,479. In the circumstances, the accuracy and completeness of use of goods and services could not be confirmed.

Management Response

The variance of Kshs. 493,479 relates to inventory closing balance at the end of the financial year which had been correctly captured in the ledgers. We have amended the Use of Goods and Services ledger to indicate the correct amount.

Committee Observations

The Committee observed that Management has provided an explanation that the variance relates to inventory closing balance that was correctly captured in the ledgers, and has amended the ledger accordingly.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2. Unsupported Receivables from Non-Exchange Transactions

Note 21 to the financial statements reflects a balance of Kshs. 4,370,155 in respect of receivables from non-exchange transactions. However, the relevant supporting documentations were not provided for audit review. In addition, the opening balance of Kshs. 560,000 is not supported by way of schedule.

Management Response

The schedule for opening balance amounting to Ksh. 560,000 and final schedules under opening balance for payable is provided for your reference.

Committee Observations

The Committee observed that-

- i. Issue on relevant supporting documentation not provided for audit review is not addressed. Although a partial schedule has been provided, it does not fully support all receivables balances.
- ii. The opening balance of Kshs. 560,000 remains unsupported as management has not provided a comprehensive ageing schedule for the full receivables balance.

Committee Recommendation

The Committee recommends that the Governor ensures that —

- i. the Board should, within 60 days of adoption of this report, develop and maintain an updated aging schedule for all receivables as well as the supporting ledgers to enhance financial reporting and accountability, and submit the same to the Auditor-General for verification; and
- ii. the Accounting Officer ensures that all supporting documentation is provided to the Auditor-General within the stipulated timelines as required by Section 47(1) of the Public Audit Act, Cap. 412B, failure to which the Committee shall recommend for their investigation and prosecution.

3. Variances in Property, Plant and Equipment

Note 24 to the financial statements reflects property, plant and equipment of Kshs. 17,797,614. However, the schedules provided for audit reflect a balance of Kshs. 16,521,945 while the asset register reflects a balance of Kshs. 17,287,484, resulting in differences between the three sets of records. Further, an opening balance amount of Kshs. 1,746,199 has not been supported with schedules.

Management Response

We acknowledge your observation and wish to state that we have reconciled all schedules and Fixed Asset Register to Kshs. 17,797,614.

Committee Observation

The Committee observed that Management has provided a reconciliation of all schedules and Fixed Asset Register to Kshs. 17,797,614.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

4. Over-Expenditure under Staff Costs

The statement of financial performance reflects an amount of Kshs. 18,934,031 in respect of staff costs. However, the Board had a budget of Kshs. 14,365,147 under staff costs and therefore the expenditure exceeded the budget by Kshs. 4,568,884.

Management Response

No response was provided by Management.

Committee Observations

The Committee observed that-

- i. Management did not comply with the regulations during the financial year and did not respond to the audit observation; and
- ii. Staff costs exceeded the approved budget by Kshs. 4,568,884, which is a violation of Section 147(1)(a) of the Public Finance Management Act, 2012.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Municipal Manager strengthens budget planning, monitoring, and variance analysis processes to ensure that expenditure remains within approved limits; and
- ii. the Accounting Officer provides a written explanation for the over-expenditure to the County Treasury and the Senate within 30 days of adoption of this report, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences shall apply.

CHAPTER THREE: HOSPITALS

3.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR AMBIRA LEVEL 4 HOSPITAL FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Ambira Level 4 Hospital for the Financial Year 2024/2025. The following officers accompanied the Governor—

- | | |
|------------------------------|---------------------|
| 1. Dr. Martin Konyango | - CECM Health |
| 2. Dr. Omondi Owino | - COS Health |
| 3. Dr. Dan Kolton | - Med Sup. |
| 4. George Odhiambo Nyin'giro | - CECM for Finance |
| 5. Cornel Otieno | - Director Finance. |

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Ambira Level 4 Hospital for the financial year on the following basis—

1. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs. 2,574,777 whereas the corresponding Note 16 to the financial statement reflects Kshs. 2,644,777.33 resulting in an unreconciled balance of Kshs. 70,000.

Management Response

The understatement by Kshs. 70,000 was a typing error at the time of converting the prepared financial statement from excel to word. The management is going to do a prior year adjustment in the subsequent financial year (2025/2026) to correct the variance. We can confirm that the correct cash and cash equivalent balance is Kshs. 2,644,777.33 as per the attached bank reconciliation statement.

Committee Observations

The Committee observed that Management has provided a journal entry for the variance of Kshs. 70,000 and has committed to a prior year adjustment in the subsequent financial year. The issue is verified during subsequent audit for prior year adjustment.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs. 2,421,770 which includes additions during the year totalling to Kshs. 378,000. However, the asset register maintained by the Hospital was incomplete. Additionally, various assets including land, building, motor vehicles, furniture and specialized and non-specialized medical equipment were not disclosed in the financial statement.

Management Response

The Hospital has no ownership documents for the fixed assets and values attached to them in order for their inclusion in the Fixed Assets register. The County Government of Siaya engaged the intergovernmental relations technical committee to validate a report on fixed assets to be inherited. Once the report is ready, Ambira Level 4 Hospital will recognize and update the transferred fixed asset in their fixed assets register as stipulated in IPSAS 45.

Committee Observations

The Committee observed that-

- i. Management has not provided an updated Fixed Asset Register and the asset register remains incomplete.
- ii. The County Government has engaged the IGRTC on transfer of assets, but the process is still ongoing without a definitive completion timeline.
- iii. Various assets including land, buildings, motor vehicles, furniture and medical equipment remain undisclosed in the financial statements, resulting in an inaccurate financial position.

Committee Recommendation

The Committee recommends that-

- i. **within sixty (60) days of the adoption of this report, the Governor, through the CECM responsible for matters health, engages with the Ministry of Health of the National Government to ensure the transfer of ownership documents of land and buildings is fast tracked;**
- ii. **the Governor ensures that the management of the hospital undertakes the valuation of all assets of the hospital and submits the valuation report to the Auditor- General for verification during the subsequent audit cycle;**
- iii. **upon completion of the transfer and valuation, the Accounting Officer should prepare an updated asset register within 60 days of the adoption of this report and submit to the Auditor-General for verification; and**

- iv. the Governor, through the Accounting Officer ensures that the hospital maintains an up-to-date asset register in accordance with section 149(2)(o) of the Public Finance Management Act Cap 412A and in the format prescribed by the Public Sector Accounting Standards Board (PSASB), failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

3. Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs. 3,287,604. However, it was noted that the ageing analysis for trade and other payables has not been performed.

Management Response

The payables aging analysis report is now available for your verification. We have also attached a duly filled extract of the payables aging template prescribed by Public Sector Accounting Standard Board for your review. We are also committed that all long outstanding trade payables are settled as soon as reimbursements from SHA are received.

Committee Observations

The Committee observed that-

- i. Management has provided an ageing analysis and PSASB aging template. The issue is partially addressed.
- ii. However, the long outstanding payables remain outstanding pending SHA reimbursements and the settlement plan has not been fully implemented.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer settles all outstanding payables as soon as SHA reimbursements are received, with a status report submitted to the Auditor-General within 60 days of adoption of this report;
- ii. the Governor to ensures the hospital makes budgetary provision to clear the outstanding payables by the end of the FY 2026/2027 and provide a status update to the Senate within 60 days of the adoption report; and
- iii. the Accounting Officer ensures an updated ageing analysis is always prepared and maintained to enable effective tracking and timely settlement of outstanding payables, in compliance with Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020.

4. Inaccuracy in the Statement of Changes in Net Assets

The statement of changes in net assets reflects an opening balance of Kshs. 1,989,527 which does not agree with the prior year audited balance of Kshs. 3,687,799 resulting in an unreconciled balance of Kshs. 1,551,080.

Management Response

The Kshs. 1,989,527 is the accumulated surplus brought forward and the balance of Kshs. 1,698,272 is capital fund at the beginning of the financial year 2024/2025. Hence the opening Net asset for the period is Kshs. 3,687,799. Attached find the extract of the statement of net asset and the extract of the statement of changes in net asset for your verification.

Committee Observations

The Committee observed that-

- i. Accumulated surplus brought forward amount to Kshs. 3,687,799 as per the prior year audit certificate. Capital fund amount to zero (0). These amounts do not agree with what has been reported.
- ii. The inconsistency in the opening net asset balance undermines the integrity of the Statement of Changes in Net Assets and means the financial statements do not comply with Section 81(3) of the Public Finance Management Act, 2012.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer ensures that comparative balances agree with the prior year's audited amounts and carries out a prior year adjustment in the Financial Year 2025/2026 statements to correct the error, and submits the corrected statements to the Auditor-General for verification.

5. Unreconciled Income from Rendering of Services – Medical Service Income

The statement of financial performance reflects an amount of Kshs. 36,262,694 in respect of rendering of services – medical service income, while the Receiver of Revenue reflects an amount of Kshs. 31,849,017, resulting in an unreconciled amount of Kshs. 4,413,677.

Management Response

A reconciliation has been carried out on the revenue reported by the Facility in the statement of Financial Performance and that reported by the Receiver of Revenue for the period ended 30 June 2025. The Receiver of Revenue inadvertently omitted the Accrued Revenue of Kshs. 4,413,677 in their statement of financial performance. The Receiver of Revenue is to prepare a journal to effect prior period adjustments in the

2025-26 Financial statements. Going forward reconciliation will be done on a quarterly basis to solve the problem.

Committee Observations

The Committee observed that Management has provided a reconciliation of revenue reported by the Facility and the reconciled revenues by the office of the receiver of revenues confirming that the variance of Kshs. 4,413,677 relates to accrued revenue omitted by the Receiver of Revenue.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

6. Failure to Establish a Board of Management

During the year under review, the Hospital had not established a Board of Management contrary to Section 12 of the Siaya County Health Services Act, 2018.

Management Response

The Hospital Management Board is now fully in place. The list of Gazetted Board members, Board management induction and attendance list are attached.

Committee Observations

The Committee observed that-

Management has provided the list of Gazetted Board members, Board management induction and attendance list confirming the Hospital Management Board is now fully in place.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

3.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BONDO LEVEL 4 HOSPITAL FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Bondo Level 4 Hospital for the Financial Year 2024/25.

The following officers accompanied the Governor—

1. Dr. Martin Konyango - CECM Health
2. Dr. Omondi Owino - COS Health
3. George Odhiambo Nyin'giro - CECM for Finance
4. Cornel Otieno - Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Bondo Level 4 Hospital for the financial year on the following basis—

1. Non-Compliance with Public Sector Accounting Standards Board (PSASB) Reporting Standards

Review of the annual report and financial statements and comparison of the template issued by the PSASB with the financial statements submitted for audit revealed the following inconsistencies: (i) No explanation was provided for differences between actual and budgeted amounts of over or under 10% in the statement of comparison of budget and actual amounts; (ii) There was no budget reconciliation in the statement of comparison of budget and actual amounts; (iii) Grants and subsidies of amount Kshs. 3,986,373 did not have a corresponding note; and (iv) Corresponding Note 20 to the financial statements relates to General Expenses instead of Note 21 as indicated in the statement of financial performance.

Management Response

This shall be corrected in the subsequent financial year.

Committee Observations

The Committee observed that-

- i. The financial statements do not comply with the PSASB reporting template in several respects. The issue is not addressed.
- ii. Management has only committed to correcting the anomalies in the subsequent reporting period but has not provided evidence of corrective action during the audit period.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer complies with Section 81(3) of the Public Finance Management Act, 2012, which states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time;**
- ii. the Governor ensures the Accounting Officer carries out quality control review on financial statements before submission for audit.**

2. Income from Rendering of Services – Medical Service Income

Note 11 to the financial statements reflects Kshs. 104,938,978 in respect of rendering of services – medical service income, which differs with the amount of Kshs. 90,206,230 disclosed by the Receiver of Revenue, resulting in a variance of Kshs. 14,732,748. Included in this amount is Kshs. 66,059,460 relating to NHIF and UHC, Kshs. 1,363,629 from Linda Mama, while the rest described as Facility Improvement Fund (FIF) amounted to Kshs. 37,515,889.

Management Response

The revenue reported by Bondo Level 4 Hospital of Kshs. 104,938,978 in the year under review was correct. The variance is as a result of the receivables of Kshs. 13,792,196 and waivers of Kshs. 1,468,906 that were not included in the receiver of revenue. The receiver of Revenue has passed a journal entry to correct the understatement of rendering of medical services revenue in their financial statement.

Committee Observations

The Committee observed that Management has confirmed the revenue amounts and provided the reconciliation between the hospital income from rendering of services and the Receiver of Revenue. The Receiver of Revenue has passed a journal entry to correct the understatement.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

14. Failure to Establish a Board of Management

During the year under review, Bondo Level 4 Hospital had not established a Board of Management contrary to the provisions of the Siaya County Health Services Act, 2018.

Management Response

The gazettelement of the Management Board has been provided. The Board is now fully constituted.

Committee Observations

The Committee observed that Management has provided evidence of gazettelement of the Board of Management members confirming the Board is now fully constituted.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

3.3 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR GOT AGULU SUB COUNTY LEVEL HOSPITAL FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Got Agulu Sub County Level Hospital for the Financial Year 2024/25. The following officers accompanied the Governor—

- | | |
|----------------------------------|---------------------|
| 1. Dr. Martin Konyango | - CECM Health |
| 2. Dr. Omondi Owino | - COS Health |
| 3. Dr. Omondi Owino | - COS Health |
| 4. Mr. George Odhiambo Nyin'giro | - CECM for Finance |
| 5. Mr. Cornel Otieno | - Director Finance. |

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Got Agulu Sub County Level Hospital for the financial year on the following basis—

1. Unsupported Depreciation and Amortization Expense

Depreciation and amortization expense was charged, but the values of office equipment, furniture and fittings and plant and machinery were not disclosed in the financial statements. In addition, the values of the assets were not disclosed in the asset register.

Management Response

The value of buildings and ICT Equipment purchased by the facility and inherited from the county, whose values were known, were included in the financial statement and depreciated accordingly. The County Government did a report to the Intergovernmental Technical Committee to decide on fixed assets to be transferred to enable valuation of the transferred assets to be done, updated in the fixed assets register and included in the financial statements. The county is still awaiting the response from the committee. However, the County has engaged the Chief County Valuer to value the existing assets.

Committee Observations

The Committee observed that-

- i. The values of office equipment, furniture and fittings, and plant and machinery were not disclosed in the Property, Plant and Equipment movement schedule. In addition, the values of the assets were not disclosed in the asset register.

- ii. The County Government has engaged the Chief County Valuer but a definitive timeline for completion of the valuation exercise has not been provided to the Committee.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the management provides the values of all assets and discloses them in the assets register within sixty (60) days of adoption of this report, and submits the updated register to the Auditor-General for verification; and
- ii. the Governor ensures the County Valuer completes the valuation exercise within sixty (60) days of adoption of this report and a copy of the valuation report is submitted to the Auditor-General, failure to which the provisions of Section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences shall apply.

2. Unsupported Grants and Subsidies

There was an unsupported balance of Kshs. 455,125 in respect of grants and subsidies. The management has not shown how much total revenue was received to enable the calculation and transfer of 25% of all its revenues to revenue operations account for health centers and dispensaries.

Management Response

The actual total revenue realized was Kshs. 8,579,084 as provided in the statement of cash flow and supporting schedule. The long outstanding receivables have negatively impacted the purchasing of the facility and the liquidity, resulting in less transfer. This will be corrected once the long outstanding receivables are realized.

Committee Observations

The Committee observed that-

- i. Management has not supported the Kshs. 455,125 as the 25% amount transferred to health centers and dispensaries.
- ii. The hospital's long outstanding receivables negatively impact its ability to transfer the required 25% of revenues to health centers and dispensaries.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the management supports the amount of Kshs. 455,125 as the 25% amount transferred to health centers and dispensaries and submits evidence to the Auditor-General for verification; and

- ii. **the Governor ensures the management puts measures to ensure collection of all receivables in order to sustain operations and fulfill the 25% transfer obligation to health centers and dispensaries.**

3. Unreconciled Revenue from Rendering of Services – Medical Service Income

The statement of financial performance reflects variances between revenues reported by the Hospital and those reported by the Receiver of Revenue of Siaya County, which remained unreconciled.

Management Response

The management has reconciled the variances between the financial statements and the office of the receiver of revenues. The reconciliation confirms the variances have been cleared.

Committee Observations

The Committee observed that Management has reconciled the variances between the financial statements and the office of the receiver of revenues.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

3.4 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIAYA COUNTY REFERRAL HOSPITAL FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Siaya County Referral Hospital for the Financial Year 2024/25.

The following officers accompanied the Governor—

- | | |
|----------------------------------|---------------------|
| 1. Dr. Martin Konyango | - CECM Health |
| 2. Dr. Omondi Owino | - COS Health |
| 3. Dr. Otieno Caleb | - Med.Sup |
| 4. Dr. Evans Mwanda Oguti | - Med Sup |
| 5. Mr. George Odhiambo Nyin'giro | - CECM for Finance |
| 6. Mr. Cornel Otieno | - Director Finance. |

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Siaya County Referral Hospital for the financial year on the following basis—

1. Unsupported Property, Plant and Equipment

The additions to Property, Plant and Equipment amounting to Kshs. 189,116,653 were recognized during the financial year. However: (a) Formal independent valuation reports were not obtained for the additions; (b) Hospital buildings were not disclosed; and (c) Ownership documentation was not provided for the land parcel PDP No. 320/2011/04 (Approx. 14.945 Ha) on which the Hospital is situated.

Management Response

Management acknowledges the audit observation and commits to engaging a registered and independent valuer to conduct comprehensive asset valuation. Regarding hospital buildings, these are legacy assets developed over multiple years through government funding and donor support. Regarding land, formal title documentation and valuation were not readily available at the Hospital level as land administration remains centralized at the County Government and National Lands institutions.

Committee Observations

The Committee observed that-

- i. Management has provided a letter to the Department of Public Works commencing the valuation process for PPE additions. The issue is partially addressed.

- ii. Hospital buildings have not been disclosed and their values have not been included in the property, plant and equipment movement schedule.
- iii. Ownership documentation for the land parcel has not been provided. The absence of formal title documentation exposes the Hospital to potential land disputes.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures management engages a registered and independent valuer to conduct comprehensive asset valuation within sixty (60) days of adoption of this report, and submits a valuation report to the Auditor-General for verification;**
- ii. **the Governor ensures the management discloses all hospital buildings in the financial statements and includes their values in the PPE movement schedule in the Financial Year 2025/2026 statements; and**
- iii. **the Governor ensures the management hastens the process of acquiring a land title deed for the land parcel PDP No. 320/2011/04 and submits evidence of progress to the Auditor-General within sixty (60) days of adoption of this report.**

2. Income from Rendering of Services – Medical Service Income

The statement of financial performance reflects variances between the revenues reported by the Hospital and those reported by the Receiver of Revenue of Siaya County, which remained unreconciled in prior periods.

Management Response

Management has provided a breakdown to confirm the nature of receivables and the income from rendering of services has been reconciled with the Receiver of Revenue for the financial year ended 30th June 2025.

Committee Observations

The Committee observed that Management has provided a breakdown confirming the nature of receivables and reconciled the income from rendering of services with the Receiver of Revenue.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

3. Variances between Financial Statements and Supporting Schedules

Variations were noted between the financial statements and the supporting schedules for various line items including the reconciliation template for revenue and expenditure items.

Management Response

Management has provided the reconciliation template confirming the variations have been reconciled. Management has reconciled all the variations noted.

Committee Observations

The Committee observed that Management has provided the reconciliation template confirming all the variations have been reconciled.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

4. Failure to Prepare and Submit Procurement Quarterly Reports

During the year under review, the Hospital failed to prepare and submit the quarterly reports on implementation of the annual procurement plan to the governing body.

Management Response

Management has provided Procurement Quarterly Reports demonstrating compliance with the requirement to prepare and submit quarterly reports on implementation of the annual procurement plan.

Committee Observations

The Committee observed that Management has provided the Procurement Quarterly Reports demonstrating compliance.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

CHAPTER FOUR: SPECIAL FUNDS

4.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIAYA COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on ...to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Siaya County Bursary Fund for the Financial Year 2024/25.

The following officers accompanied the Governor—

1. George Odhiambo Nyin'giro- (CECM) for Finance
2. Cornel Otieno -Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Siaya County Bursary Fund for the financial year on the following basis—

1. Material Uncertainty on Sustainability of Services

The statement of comparison of Budget and Actual Amounts shows an amount of Kshs. 134,000,000 on Transfers from the County Government being Kshs. 90,000,000 under recurrent and Kshs. 44,000,000 under development expenditure. Review of budget approval and disbursement documents revealed that the whole amount of Kshs. 134,000,000 was approved but the amount was not disbursed. No official communication, correspondence or explanation was provided as to why the funds were not disbursed. In addition, there is no budget for any receipts and expenditures in the subsequent financial year, 2025/26.

Management Response

Siaya County Bursary is dependent on disbursement from County revenue fund with approval from the office of the Controller of Budget. The office of the Controller of Budget indicates that for counties to legally undertake this National Government function, there has to be a transfer of the function to the counties in accordance with Article 187 of the Constitution as read together with Intergovernmental Relations Act Cap 265F. The county did not budget for receipts and expenditures in the subsequent financial year, 2025/26 because of the existing legal issues raised by the Office of the Controller of Budget.

Committee Observations

The Committee observed that-

- i. No evidence has been provided to indicate that funds will be disbursed in the subsequent years.

- ii. The Controller of Budget has raised legal issues on the ability of counties to legally undertake this National Government function without a formal transfer of function in accordance with Article 187 of the Constitution.
- iii. The County Assembly had not adopted the PAIC report for financial year 2023/2024. The County Executive is yet to receive the PAIC recommendation.

Committee Recommendation

The Committee recommends the Governor ensures that—

- i. the Fund should operate as per the legal provisions or cease operations. In the event of continued operations, the Governor should ensure that proper legal authority for the function is obtained through compliance with Article 187 of the Constitution as read together with the Intergovernmental Relations Act, Cap. 265F;
- ii. the County Assembly, within sixty (60) days of the adoption of this report, adopts the PAIC recommendations for financial year 2023/2024 and subsequent years to ensure prior year matters are resolved; and
- iii. the Accounting Officer should prepare and submit a status report on implementation of oversight Committee Recommendation for audit verification and tracking in compliance with ISA 570 on going concern.

2. Inconsistency in the Disclosure Notes to the Financial Statements

The statements of financial performance, the statement of financial position and the statement of cashflows indicates Notes to the financial statements that do not reference to the actual notes to the financial statements or do not exist.

Management Response

In the subsequent financial years the management will ensure that the financial statement is prepared in conformity with the requirements Public Sector Accounting Standards Board (PSASB).

Committee Observations

The Committee observed that-

- i. The Notes to the financial statements are not consistent with the disclosure requirements of PSASB. The issue is not addressed.
- ii. Management has only committed to future compliance without taking corrective action during the audit period, which demonstrates an inadequate response to audit queries.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer ensures presentation of the financial statements is in compliance with the template provided by PSASB as required by Regulation 42(1)(a) of the Public Finance Management (County Government) Regulations, 2015, and that quality control is carried out in preparation of financial statements prior to submission for audit.

Other Matter:

1. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025.

Management Response

As at the time of Audit, the County Assembly had not adopted the PAIC report for financial year 2023/2024. The County Executive is yet to receive the PAIC recommendation.

Committee Observations

The Committee observed that-

- i. . Some prior year matters have been resolved. The issue is partially addressed.
- ii. The County Assembly has not adopted the PAIC recommendations for financial year 2023/2024, preventing the County Executive from implementing the required corrective measures.

Committee Recommendation

The Committee recommends that —

- i. the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and
- ii. the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.

4.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIAYA COUNTY CLIMATE CHANGE FUND FOR THE FINANCIAL YEAR 2024/25

The Governor of Siaya County Hon. James Orengo, SC, EGH, accompanied by relevant officials, appeared before the Committee on 12th March, 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Siaya County Climate Change Fund for the Financial Year 2024/25.

The following officers accompanied the Governor—

1. George Odhiambo Nyin'giro- (CECM) for Finance
2. Cornel Otieno -Director Finance.

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Siaya County Climate Change Fund for the financial year on the following basis—

1. Deposit (Retention Account)

Deduction of 10% retention of Kshs. 6,625,186 was not supported with: (i) Retention cashbook; (ii) Retention register; and (iii) Bank account for the retention money. Additionally, retention money was not disclosed in the statement of financial position.

Management Response

We have updated our retention ledgers accordingly and it is hereby attached for your verification. We have not reported retention in our financial statements because it will be double reporting as it is reported in the books of the county treasury.

Committee Observations

The Committee observed that-

- i. no evidence was provided such as bank statements to confirm that retention money was banked intact in the retention account.
- ii. Management's justification that retention is not reported to avoid double reporting is not satisfactory as the retention deducted from contractors must be properly accounted for, safeguarded, and its existence confirmed by bank statements.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures management opens and maintains a dedicated retention account with supporting bank statements, retention cashbook

and register, and submits evidence to the Auditor-General within 30 days of adoption of this report;and

- ii. the Governor ensures management strengthens internal controls for proper documentation and generation of financial statements in compliance with Regulation 42(1)(a) of the Public Finance Management (County Government) Regulations, 2015.

2. Employee Costs

Employee cost of Kshs. 2,331,700 relate to expenses incurred for use of goods and services under subsistence allowances. The amount was not supported with payrolls or employee bio data such as employee personal numbers and statutory deductions.

Management Response

The employee costs of Kshs. 2,331,700 refer to daily subsistence allowance that were actually paid to employees during the year under audit. This was a misclassification that will be corrected through the prior year adjustment in the subsequent financial year.

Committee Observations

The Committee observed that-

- i. Daily subsistence allowances were misclassified under employee costs instead of use of goods and services.
- ii. Management has committed to correcting the misclassification through a prior year adjustment, but no evidence of this adjustment or supporting documentation has been provided to the Committee.

Committee Recommendation

The Committee recommends that the Governor ensures management strengthens internal controls for proper classification of expenditures and documentation, and ensures the misclassification is corrected through a prior year adjustment in the Financial Year 2025/2026 statements, failure to which the Accounting Officer shall be held liable under the relevant provisions of the Public Finance Management Act, 2012.

3. Budgetary Control and Performance

The summary statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs. 214,400,000 and Kshs. 132,573,505 respectively resulting to an under-funding of Kshs. 81,426,495 or 38% of the budget. Similarly, the Fund spent an amount of Kshs. 126,702,867 against actual receipts of Kshs. 132,573,505 resulting to an under-utilization of Kshs. 5,870,637.

Management Response

The underfunding of Kshs. 81,426,495 was as a result of delay in release of funds to SPA by the exchequer. The underutilization noted of Kshs. 5,807,637 was as a result of the payment that came after the end of the financial year.

Committee Observations

The Committee observed that-

- i. Underfunding was due to delay in release of funds from Exchequer.
- ii. The underfunding of 38% of the budget significantly impacted the implementation of planned climate change projects and programmes.
- iii. Management has not demonstrated what steps were taken to engage the National Treasury on the delayed Exchequer releases.

Committee Recommendation

The Committee recommends that the Governor should establish the cause of the delay in release of funds, follow up with the National Treasury to ensure timely disbursement of Exchequer funds to the Climate Change Fund, and provide a status report to the Senate within 60 days of adoption of this report.

4. Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Siaya County Climate Change Fund in 2024/2025 revealed that the following matters remained unresolved: Transfers from County Government; Unsupported payment on employee costs; and Property, Plant and Equipment.

Management Response

1. Transfers from County Government: The revenue was accrued and disclosed in the financial 2023-2024 as per the International Public Sector Accounting Standards accrual basis of accounting. 2. Property, Plant and Equipment: We are currently using National Government Depreciation Policy. 3. Unsupported Payments on Employees' Costs: It was a misclassification which we have addressed in subsequent financial year's statements. 4. Late Submission of Financial Statements: Financial statements for financial year 2024/2025 were submitted on time. 5. Lack of Approved Budget: The budget was approved.

Committee Observations

The Committee observed that-

- i. Issues on Transfers from County Government and Unsupported payments on employee costs are not addressed.
- ii. While some prior year matters such as late submission of financial statements and lack of approved budget have been resolved, the core financial management issues around transfers, employee costs classification and PPE remain outstanding.

Committee Recommendation

The Committee recommends that —

- i. the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.**

5. Ineffectiveness in Compliance with Law and Effectiveness of Procurement Planning

Ten (10) projects with a total contract sum of Kshs. 60,300,034 were not included in the procurement plans for the years 2023/2024 or 2024/2025. Management did not prepare and submit the quarterly reports to the governing body on the implementation of the annual procurement plan 2024/2025.

Management Response

Procurement plans for the Department of Water, Environment, Climate Change and Natural Resources for the two financial years 2023/2024 and 2024/2025 were prepared and all had FLLoCA components. A separate FLLoCA procurement plan was prepared for the financial year 2024/2025. Quarterly reports on implementation of the procurement plans for the financial year 2024-2025 were prepared.

Committee Observations

The Committee observed that-

- i. Management did not highlight the 10 projects as shown in Appendix I on Approved FLOCCA procurement Plans. Quarterly Reports were not provided to the Committee.

- ii. The failure to include 10 projects totalling Kshs. 60,300,034 in procurement plans for two consecutive financial years demonstrates a persistent and serious failure in procurement governance.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures management strengthens internal controls relating to procurement to ensure all projects are included in annual procurement plans as required by Section 3 of the Public Procurement Capacity Building Levy Order, 2023; and**
- ii. **the Accounting Officer submits the complete procurement plans for Financial Year 2025/2026 inclusive of all planned projects to the Auditor-General for verification within 60 days of adoption of this report.**

ANNEXTURES

Minutes of the Committee



13TH PARLIAMENT 5TH SESSION

MINUTES OF THE FIFTY THIRD SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE HELD ON MONDAY, 30TH MARCH 2026 HELD ON ZOOM PLATFORM AT 10.00 A.M.

PRESENT

- | | |
|----------------------------------------|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP | - Chairperson |
| 2. Sen. Eddy Gicheru Oketch, MP | - Vice-Chairperson |
| 3. Sen. Agnes Kavindu Muthama, MP | - Member |
| 4. Sen. Peris Pesi Tobiko, CBS, MP | - Member |
| 5. Sen. Hamida Ali Kibwana, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--------------------------------------|----------|
| 6. Sen. William Kisang' Kipkemoi, MP | - Member |
| 7. Sen. Beth Kalunda Syengo, MP | - Member |
| 8. Sen. Raphael Chimera Mwinzagu, MP | - Member |
| 9. Sen. George Mungai Mbugua, MP | - Member |

SECRETARIAT

- | | |
|-----------------------|------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Erick Kimani | - Clerk Assistant II |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Mr. Jeremy Chabari | - Senior Legal Counsel |
| 5. Mr. Peter Katana | - Research Officer |
| 6. Ms. Hamun Mohamud | - Research Officer |
| 7. CPA Keneddy Owuoth | - Fiscal Analyst |
| 8. Mr. Victor Kimani | - Audio officer |

MIN. NO. SEN/CPICSF/382/2026 PRAYER

The meeting was called to order by the Chairperson at twenty-five minutes past ten O'clock in the morning followed by a word of prayer.

MIN. NO. SEN/CPICSF/383/2026 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed Sen. Eddy Gicheru Oketch, MP and seconded by Sen. Hamida Ali Kibwana, MP as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Consideration and Adoption of Reports
4. Any Other Business; and
5. Date of the Next Meeting and Adjournment.

MIN. NO. SEN/CPICSF/384/2026 CONSIDERATION AND ADOPTION OF REPORTS

The Committee considered the reports on the consideration of the audit reports of the following counties and their respective entities for the Financial Year 2024/2025 (1st July-, 2024 to 30th June, 2025)-

1. Kajido County
 - I. Oololaiser Water and Sewerage Company Limited
 - II. Nol-Turesh Loitokiok Water and Sanitation Company Limited
 - III. Olkejuado Water and Sewerage Company Limited
 - IV. Kajido County Referral Hospital
 - V. Imbirikani Level 4 Hospital
 - VI. Ngong Level 4 Hospital
 - VII. Kitengela Sub-County Hospital
 - VIII. Ongata Rongai Sub-County Hospital
 - IX. Kajido County Emergency Fund
 - X. Kajido County Alcoholic Drinks Control Fund
 - XI. Kajido County Climate Change Fund
 - XII. Kajido County Disability Mainstreaming Fund
 - XIII. Kajido County Education Bursary Grants and Scholarship Fund
 - XIV. Kajido County Youth and Women Enterprise Fund
 - XV. Kajido County Emergency Fund
2. Kiambu County
 - I. Gatundu Water and Sewerage Company
 - II. Githunguri Water and Sanitation Company
 - III. Karuri Water and Sanitation Company
 - IV. Kiambu Water & Sanitation Company
 - V. Limuru Water and Sewerage Company
 - VI. Ruiru-Juja Water & Sewerage Company
 - VII. Thika Water and Sewerage Company
 - VIII. Karuri Municipality
 - IX. Kiambu Municipality
 - X. Kikuyu Municipality

- XI. Limuru Municipality
- XII. Ruiru Municipality
- XIII. Thika Municipality
- XIV. Gatundu Level 5 Hospital
- XV. Igegania Sub-County Hospital
- XVI. Karuri Level 4 Hospital
- XVII. Kigumo Level 4 Hospital
- XVIII. Kihara Sub County Hospital
- XIX. Lari Hospital
- XX. Lusigetti Sub- County Hospital
- XXI. Nyathuna Level 4 Hospital
- XXII. Ruiru Sub-County Hospital
- XXIII. Tigoni Sub County Hospital
- XXIV. Wangige Sub County Hospital
- XXV. Kiambu County Referral Hospital
- XXVI. Thika Level 5 Hospital
- XXVII. Kiambu County Executive Emergency Fund
- XXVIII. Kiambu County Alcoholic Drinks Control Fund
- XXIX. Kiambu County Climate Change Fund,
- XXX. Kiambu County Executive Bursary Fund
- XXXI. Kiambu County Fif Fund
- XXXII. Kiambu County Jiinue Fund

3. Homabay

- I. Homa Bay County Water and Sanitation Company Ltd (Homawasco)
- II. Municipality Of Homa Bay
- III. Municipality Of Kendu Bay
- IV. Municipality Of Mbita
- V. Municipality Of Ndhiwa
- VI. Municipality Of Oyugis
- VII. Homa Bay County Teaching and Referral Hospital
- VIII. —Kabondo Sub-County Hospital —
- IX. Kandiege Sub-District Hospital
- X. Kendu Sub-District Hospital
- XI. Kisegi Sub-District Hospital
- XII. Magunga Level Iv Hospital
- XIII. Makongeni L4
- XIV. Malela Level 4 Hospital
- XV. Marindi Sub County Referral Hospital
- XVI. Ndhiwa Sub County Hospital
- XVII. Nyandiwa Level Iv Hospital
- XVIII. Nyangiela Sub District
- XIX. Ogongo Level 4 Hospital
- XX. Pala Level 4 Hospital

- XXI. Rachuonyo District Hospital
- XXII. Rangwe Sub-District Hospital
- XXIII. Sena Level 4 Hospital
- XXIV. Suba North Sub-County Hospital
- XXV. Suba Sub-County Hospital
- XXVI. Tom Mboya Memorial Level 4 Hospital
- XXVII. Homa Bay County Mortgage & Car Loan Executive Fund
- XXVIII. Homa Bay County Alcoholic Drink Control Board
- XXIX. Homa Bay County Bursary Fund

4. Migori

- I. Migori Water and Sewerage Company
- II. Awendo Municipality
- III. Kehancha Municipality
- IV. Migori Municipality
- V. Rongo Municipality
- VI. Awendo Sub-County Hospital
- VII. Isibania Sub-District Hospital
- VIII. Karungu Sub-County Hospital
- IX. Kegonga Sub County Hospital
- X. Macalder Sub-County Hospital
- XI. Migori County Referral Hospital
- XII. Muhuru Sub-County Hospital
- XIII. Ntimaru Sub County Hospital
- XIV. Nyamaraga Sub County Hospital
- XV. Othoro Sub County Hospital
- XVI. Oyani Sub County Hospital
- XVII. Rongo Sub County Hospital
- XVIII. Uriri Sub County Hospital
- XIX. Migori County Ward Development Fund.
- XX. Migori County Executive Car Loan and Mortgage Fund
- XXI. Migori County Climate Change Fund.
- XXII. Migori County Alcoholic Drinks Control Fund
- XXIII. Migori County Ward Development Fund.

5. Kisii

- I. Gusii Water and Sanitation Company Limited (Gwasco/Kwasco)
- II. Kisii Municipality
- III. Etago Sub-County Hospital
- IV. Gesusu Sub-County Referral Hospital
- V. Gucha Sub County Referral Hospital
- VI. Ibacho Sub-County Hospital
- VII. Ibeno Sub-County Referral Hospital
- VIII. Iranda Sub County Referral Hospital

- IX. Kisii County Health Facilities Improvement Fund
- X. Fund, Kisii Demonstration Farms Fund
- XI. Kisii County Emergency Fund
- XII. Kisii Mortgage & Car Loan (Executive) Fund
- XIII. Kisii County Climate Change Fund
- XIV. Kisii County Bursary Fund
- XV. Kisii County Covid-19 Emergency Fund
- XVI. Kisii County Veterinary Services Development

6. Machakos

- I. Mavoko Water and Sanitation Company Limited (Mavwasco)
- II. Machakos Municipal Water and Sewerage Company Limited (Macwasco)
- III. Mwala Water and Sanitation Company Limited
- IV. Matungulu Water and Sewerage Company (Makawasco)
- V. Kathiani Water and Sanitation Company Limited
- VI. Yatta Water Services Company Limited (Yawasco)
- VII. Mavoko Municipality
- VIII. Machakos Municipality
- IX. Kangundo/Tala Municipality
- X. Kalama Level 4 Level 4 Hospital
- XI. Kangundo Sub-County Hospital Level 4 Hospital
- XII. Kathiani Sub-County Hospital Level 4 Hospital
- XIII. Kimiti Level 4 Hospital Level 4 Hospital
- XIV. Masinga Sub-County Hospital Level 4 Hospital
- XV. Matuu District Hospital Level 4 Hospital
- XVI. Mavoko Level 4 Hospital Level 4 Hospital
- XVII. Mutituni Level 4 Hospital Level 4 Hospital
- XVIII. Mwala Subcounty Hospital Level 4 Hospital
- XIX. Ndithini Level 4 Hospital Level 4 Hospital
- XX. Machakos County Referral Hospital Level 5 Hospital
- XXI. Machakos County Bursary Fund
- XXII. Machakos County Emergency Fund
- XXIII. Machakos County Executive and Chief Officers Car Loan and Mortgage Scheme

7. Baringo

- I. Kirandich Water and Sanitation Company Limited
- II. Eldama Ravine Water and Sewerage Company Limited (Erawasco)
- III. Chemususu Water Company Limited
- IV. Municipality Of Kabarnet
- V. Marigat Sub-County Level 4 Hospital
- VI. Kabartonjo Level 4 Hospital

- VII. Baringo County Referral Hospital
- VIII. Eldama Ravine Level 4 Hospital
- IX. Chemolingot Level 4 Hospital
- X. Baringo County Executive Car Loan Scheme Fund
- XI. Baringo County Executive Mortgage Scheme Fund
- XII. Baringo County Emergency Fund
- XIII. Baringo Cooperative Development Fund
- XIV. Baringo County Bursary and Scholarship Fund,
- XV. Baringo County Climate Change Fund,
- XVI. Baringo County Micro and Small Enterprises Fund And
- XVII. Baringo County Community Conservation Fund

8. Isiolo

- I. Isiolo Municipality
- II. Isiolo County Referral Hospital
- III. Financing Locally-Led Climate Action Programme (Filloca)
- IV. Isiolo County Education Bursary Fund

9. Busia

- I. Busia Water and Sewerage Services Company Limited
- II. Busia Municipality
- III. Malaba Municipality
- IV. Alupe Sub County Hospital
- V. Busia County Referral Hospital
- VI. Teso North Sub County Hospital
- VII. Nambale Sub County Hospital
- VIII. Busia Agricultural Development Fund
- IX. Busia County Alcoholic Drinks Control Fund
- X. Busia County Climate Change Fund
- XI. Busia County Cooperative Enterprise Development Fund
- XII. Busia County Public (Officers) Revolving Fund

10. Kakamega

- 1. Kakamega County Water and Sewerage Company Limited
- 2. Kakamega County Rural Water and Sewerage Company Limited
- 3. Mumias Municipality
- 4. Kakamega Municipality
- 5. Navakholo Sub- County Hospital
- 6. Malava Sub- County Hospital
- 7. Matungu Sub- County Hospital
- 8. Butere County Hospital
- 9. Kakamega County Referral Hospital
- 10. Manyala Sub- County Hospital
- 11. Kakamega County Climate Change Fund

12. Kakamega County Alcoholic Drinks Control Fund
13. Kakamega County Emergency Fund
14. Kakamega County Investment and Development Agency

11. Bungoma

- I. Bungoma Water and Sewerage Company Limited.
- II. Bungoma Municipality
- III. Kimilili Municipality
- IV. Bungoma County Referral Hospital
- V. Bumula Sub-County hospital
- VI. Kimilili Sub-County Hospital
- VII. Mt. Elgon Sub-County Hospital
- VIII. Bursary Fund
- IX. Climate Change Fund
- X. Disaster And Emergency Management Fund
- XI. Persons With Disabilities Empowerment Fund
- XII. Trade Development Loan Fund
- XIII. Youth And Women Empowerment Fund

12. Kitui

- I. Kitui Water and Sanitation Company
- II. Kiamberemwingi Water and Sanitation Company
- III. Kitui County Referral Hospital
- IV. Mutomo Sub-County Hospital
- V. Mwingi Level 4 Hospital
- VI. Ikanga Sub-County Hospital
- VII. Tseikuru Sub-County Hospital
- VIII. Kitui County Textile Center
- IX. Kitui County Empowerment Fund

13. Siaya

- I. Sibho Water and Sanitation Company Ltd
- II. Bondo Municipality
- III. Siaya Municipality
- IV. Ugunja Municipal Board
- V. Ambira Level 4 Hospital
- VI. Bondo Level 4 Hospital
- VII. Got Agulu Sub County Level Hospital
- VIII. Siaya County Referral Hospital
- IX. Siaya County Bursary Fund
- X. Siaya County Climate Change Fund

14. Laikipia

- I. Nyahururu Water and Sanitation Company Limited
- II. Nanyuki Water and Sanitation Company
- III. Municipality Of Nanyuki
- IV. Municipality Of Rumuruti
- V. Nanyuki Teaching and Referral Hospital
- VI. Doldol Level 4 Hospital
- VII. Rumuruti Sub-County Hospital
- VIII. Nyahururu County Referral Hospital
- IX. Emergency Fund
- X. Bursary Fund
- XI. Assets Leasing Fund
- XII. Business Stimulus Fund
- XIII. Climate Change Fund - Ffloca
- XIV. Laikipia County Cooperative Fund.
- XV. County Revenue Board
- XVI. County Development Authority

15. Turkana

- I. Lodwar Water and Sanitation Company Limited
- II. Kakuma Municipality
- III. Lodwar Municipality
- IV. Lodwar County Referral Hospital
- V. Lokiatung Sub-County Level 4 Hospital
- VI. Lopiding Sub-County Level 4 Hospital
- VII. Turkana County Executive Car Loan and Mortgage Fund
- VIII. Turkana County Climate Change Fund
- IX. Turkana County Co-Operative Development Enterprise Fund
- X. Turkana County Education Fund
- XI. Turkana County Emergency Fund

16. Narok

- I. Narok Water and Sewerage Services Company Limited (Narwassco)
- II. Kilgoris Municipality
- III. Narok Municipality
- IV. Narok County Referral Hospital
- V. Maasai Mara Community Support Fund
- VI. Alcoholics Drinks Regulation and Control Fund
- VII. Bursary Management Fund

17. Uasin Giishu

- I. Eldoret Water and Sanitation Company Limited (Eldowas)
- II. Municipality Of Eldoret (Now City of Eldoret)

- III. Huruma Level 4 Hospital
- IV. Turbo Level 4 Hospital
- V. Uasin Gishu District Hospital
- VI. Mortgage And Car Loans Scheme Fund
- VII. Alcoholic Drinks Control Fund
- VIII. Cooperative Enterprise Development Fund
- IX. Education Revolving Fund
- X. Bursary And Skills Development Support Fund

18. Nairobi

- I. Nairobi City Water and Sewerage Company Limited
- II. Bahati Level 4 Hospital
- III. Mutuini Dagoretti Level 4 Hospital
- IV. Mama Margaret Uhuru Level 5 Hospital
- V. Mbagathi County Referral Hospital
- VI. Mama Lucy Kibaki-Level 5 Hospital
- VII. Nairobi City County Alcoholic Drinks Control and Licensing Board

19. Meru

- I. Meru Water and Sewerage Services Company (Mewass)
- II. Meru County Rural Water and Sanitation Company (Mewsc)
- III. Meru Municipality
- IV. Maua Municipality
- V. Meru Teaching and Referral Hospital (Mtrh)
- VI. Miathene Sub-County Hospital
- VII. Nyambene Sub-County Hospital
- VIII. Meru County Revenue Board (Mcrb)

20. Trans-Nzoia

- I. Trans Nzoia Water and Sewerage Company Limited.
- II. Kitale Municipality
- III. Kitale County Referral Level 4 Hospital
- IV. Wamalwa Kijana Teaching and Referral Hospital
- V. Trans Nzoia County Climate Change Fund
- VI. Trans Nzoia County Nawiri Fund
- VII. Trans Nzoia County Youth and Women Development Fund
- VIII. Trans Nzoia County Elimu Bursary Fund
- IX. Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund

21. Nakuru

- I. Nakuru Water and Sanitation Company Limited
- II. Nakuru Rural Water and Sanitation Company Limited
- III. Naivasha Water and Sanitation Company Limited

- IV. Gilgil Municipality
- V. Molo Municipality
- VI. Nakuru City
- VII. Naivasha Municipality
- VIII. Nakuru County Referral And
- IX. Teaching Hospital
- X. Naivasha Sub-County Level 4 Hospital
- XI. Gilgil Sub-County Level 4 Hospital
- XII. Nakuru County Bursary Fund
- XIII. Nakuru County Climate Change Fund
- XIV. Nakuru County Emergency Fund

22. Kilifi

- I. Kilifi Municipality
- II. Malindi Municipality
- III. Mariakani Municipality
- IV. Mtwapa Municipality
- V. Watamu Municipality
- VI. Kilifi County Climate Change Fund
- VII. Kilifi County Emergency Fund
- VIII. Kilifi County Health Services Improvement Fund
- IX. Kilifi County Microfinance (Wezesha) Fund/board
- X. Kilifi County Ward Scholarship Fund
- XI. Bamba Sub-County Hospital
- XII. Gede Sub County Hospital
- XIII. Jibana Sub District Hospital
- XIV. Kilifi County Hospital
- XV. Malindi District Hospital
- XVI. Marafa Sub County Hospital
- XVII. Mariakani District Hospital
- XVIII. Mtwapa Sub County Hospital
- XIX. Rabai Sub County Hospital
- XX. Kilifi Mariakani Water and Sewerage Co.
- XXI. Malindi Water and Sewerage Co.
- XXII. Kilifi County Assembly Members Mortgage and Car Loan Scheme Fund
- XXIII. Kilifi County Car Loan and Mortgage Scheme Fund

23. Kericho

- I. Kericho County Executive Staff Car Loan Fund
- II. Kericho County Executive Staff Mortgage Fund
- III. Kericho County Emergency Fund
- IV. Kericho County Executive
- V. Financing Locally Led Climate Change Action (FLLoCA) - Kericho
- VI. Kericho County Agricultural Development
- VII. Kericho County Alcoholic Drinks Fund

- VIII. Kericho County Bursary Fund
- IX. Kericho County Enterprise Fund
- X. Forttenan Sub District Hospital
- XI. Kapkatet District Hospital
- XII. Kericho District Hospital
- XIII. Kipkelion Sub District Hospital
- XIV. Londiani District Hospital
- XV. Roret Sub-District Hospital
- XVI. Sigowet Sub-District Hospital
- XVII. Kericho Water and Sanitation Co. Ltd

24. The Committee considered and adopted the Report on the summary of key audit findings in the Auditor-General Reports for Water Companies, Municipalities, Hospitals and funds for the financial year 2024/2025

Committee resolution

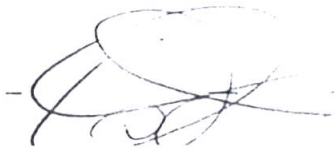
The Committee unanimously adopted the aforementioned reports and directed the secretariat to process for tabling of the same.

MIN. NO. SEN/CPICSF/385/2026 ANY OTHER BUSINESS

There was no any other business.

MIN. NO. SEN/CPICSF/386/2026 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at nineteen minutes to eleven o'clock in the morning. The next meeting would be called on notice.



SIGNED: DATE:31.03.2026.....

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, CBS, MP.)