

	and Sewerage Company and Masalani Water Supply Project from Recurrent Vote	Kshs.9,582,000 and Kshs.12,0834,281 on behalf of Garissa Water and Sewerage Company and Masalani Water Supply Project respectively. Management did not explain why the items could not be procured by the respective water companies.	encountered financial challenges that hindered its ability to procure essential. The County Government allocated a budget for this item which was incorporated in the procurement plan.	did not provide the documents to the Auditor-General during the audit process.	undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
12	5.0 Irregular Payments to the Frontier	The County Executive paid Kshs.3,000,000 to Frontier Counties Development	This is a subscription paid to the regional blocks	The Committee observed that the transfer to the	The Committee recommends that the County Executive	Report back to the

	Counties Development Council	Council. As a result, the payment made to the entity for undisclosed services provided		Frontier Counties Development Council (FCDC) amounting to Kshs.3, 000,000 to fund their operational expenses contravened section 37 of the Intergovernmental Relations Act (Cap. 265F)	forthwith stops the irregular payments to the Frontier Counties Development Council (FCDC)) and further recommends the surcharge of any officer who continues to make the irregular contribution. The EACC should oversee the recovery of all the public funds irregularly transferred to the Frontier Counties Development Council (FCDC)) by the Governor. This is in line with the Resolution of the Senate.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
13	6.0 Failure to Submit Financial Statement for County Entities	Management did not prepare and submit to the Auditor-General financial statements of Garissa Rural Water and Sewerage Company for the financial year ended 30 June, 2024.	This is a newly formed corporation whose board members were yet to be appointed and was not operational during the year.	The Committee observed that the county executive did not provide a charter to confirm when the Water company was established. The Committee observed that the county executive	The Committee recommends that the County Executive complies with section 164(4)(a) of the Public Finance Management Act. The Committee recommends that the County Governor undertakes administrative action against the	Report back to the senate on the status of compliance with the recommendation

				did not provide the documents to the Auditor-General during the audit process.	officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	s within sixty (60) days of the adoption of this report.
14	7.0 Failure to Publish and Publicize Procurement Contracts	Management did not provide evidence to confirm that procurement contracts entered into during the year were	The County Executive published all contracts. Attached is a copy of	The Committee observed that the county executive did not provide the documents to the	The Committee recommends that the County Governor undertakes administrative action against the	Report back to the senate on the

		published on the County Executive's notice boards and website as required.	attached contracts. See Annex 18.	Auditor-General during the audit process.	officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	status of compliance with the recommendations within sixty (60) days of the adoption of this report.
15	8.0 Failure to Implement E-Procurement	The County had not implemented e-Procurement system hence goods, works and services were procured	The failure of the current e-procurement system significantly affected the procurement process that resulted	The Committee observed that the County Executive breached regulation 49(2) of the Public Procurement and	The Committee recommends that the County Executive strictly complies with regulation 49(2) of the Public Procurement and Asset	Report back to the senate on the status of

		through manual procurement system.	in delays that necessitated use of manual system. See attached Annex 19.	Asset Disposal Regulations, 2020.	Disposal Regulations, 2020.	compliance with the recommendations within sixty (60) days of the adoption of this report.
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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

16	1.0 Failure to Appoint County Chief Officers	The County Executive did not have chief officers for all its departments. Departmental directors were designated to act as chief officers for the departments.	The county government of Garissa has substantive chief officers recruited by the county public service board and vetted by the assembly. See Annex 20	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption
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					The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	of this report.
17	2.0 Lack of Substantive County Public Service Board Chairman	The contract for the Chairperson of the County Public Service Board expired in February, 2024. However, as at September, 2024 when the audit was carried out, a substantive chairperson to the Board had not been appointed.	The county is in the process of recruiting a suitable person for the position	The Committee noted that the County Executive had not demonstrated steps taken to appoint the Chairperson of the County Public Service Board. The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption

					The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	of this report.
18	3.0 Unconfirmed Existence of County Motor Vehicles	Motor vehicles inventory for the year under review was not provided for audit. As a result, it was not possible to confirm the total number of County vehicles deployed to various County departments and their condition.	The motor vehicle inventory is hereby attached for review. See Annex 21	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption

					The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	of this report.
19	4.0 Ineffective Internal Audit Unit and Audit Committee	The County Executive has not established an Audit Committee. Further, during the financial year under review the department did not submit any report.	The county government had advertised the recruitment of audit committee members through the county public service board and the board is still in the process of recruiting. See Annex 22.	The Committee observed that the County had advertised for the recruitment of members of the audit committee but the internal audit is not yet functional. The Committee further observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption

					The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	of this report.
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KAKAMEGA COUNTY EXECUTIVE
FOR THE FINANCIAL YEAR 2023/2024**

Basis for Qualified Opinion

N o	Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations	Timelines
1	Accuracy of Cash and Cash Equivalents Unsupported Unpresented Cheques	The bank reconciliation statements for the month of June, 2024 for operations account, development account, recurrent account reflects balances of Kshs.259,627,667, Kshs.676,917,047 and Kshs.807,287,978 respectively, in respect of unpresented cheques which were not supported by schedules indicating	Management have again provided support schedules for unrepresented cheques indicating dates when they were presented for your audit review.	The management did not provide the OAG the relevant documents to support the bank statements.	1) The Institute of Certified Public Accountants (ICPAK) takes action(s) against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee	60 days from the date of the adoption of this report

		dates when they eventually presented			within 60 days of the adoption of this report. 2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty	
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					(60) days from the adoption of this report; and 3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.	
2	Receipts in Cash Book not Recorded in Bank Statements	Receipts in cash book not recorded in bank statements balances of	Failure to bank the receipts promptly was because they were received towards the end of	1. The management did not provide the OAG the relevant	1) The ICPAK takes action(s) against the Head of Treasury for failure to do bank	60 days from the date of the adoption of this report

		Kshs.256,593, 126, Kshs.670,654, 440 and Kshs.781,055, 620 respectively • No explanation was provided for failure to bank the receipts promptly.	the Financial Year 2023/2024, i.e. 30th June 2024 and posted in the cash books as at 30th June 2024	documents to support the bank statements. 2. The county did not meet its own-source revenue targets.	reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of the adoption of this report. 2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and	
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					provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and 3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.	
3	Unconfirmed Outstanding Imprests and Advances Balance	Management did not maintain an updated imprest register indicating	The initial imprest register that was provided was indeed missing some of the	The outstanding imprest amount of Kshs.18,325,045 had not been surrendered and no documents were	1) The recovery of the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public	60 days from the date of adoption of this report

		details of payees and amounts, imprest warrant number, date of issue, due date and date of surrender • Imprest of Kshs.18,325,045 remained outstanding, no explanation provided for failure to have the imprests recovered as at 30 June, 2024 although the balances were due for surrender by that date.	information as stated by the auditor. Management has corrected the a normally by including all the necessary information. • The outstanding imprests of Kshs.18,325,045 are held by staff who had disciplinary issues and were dismissed from employment and removed from the County payroll. Management is in the process of recovering this money from them and	provided to the auditor for verification. This was contrary to Regulation 93 (5) of the Public Finance and Management (County	Finance Management (County Governments) Regulation; and 2) The sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015 within 60 days from the date of adoption of this report.	
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			has already written demand notices to them for recovery.			
OTHER MATTER						
4	Budgetary control and performance	- Under-funding of Kshs.2,813,177,256 or 18% of the budget. - Under-expenditure of Kshs.2,802,532,824 or 18% of the budget.	There was a shortfall of own source of revenue of Kshs, 850,310,954 that was not collected	1) there was under-utilization of appropriated funds by the County Executive as a result of delay in exchequer releases by the National Treasury; and 2) the county did not meet its own-source revenue targets.	1) the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012. 2) The Office of the County Governor puts in place measures to enhance its	Continuous

					own generated revenue in order to meet its revenue target and address revenue shortfalls.	
	Pending Accounts Payable	Some of the pending accounts payable relate to the period between 2015/2016 and 2022/2023 and Management did not explain why old pending bills had not been paid	• Pending bills dating back to FY2016/2017 because of the following reasons: • Long and tedious process of verification of the authenticity of the authenticity of the pending bills. • Inadequate budgetary provision surmounted with scarce resources and many competing needs	The management did not provide clear evidence on how it intends to clear pending bills. The management had breached Section 41(2) of PFM County Governments Regulation, 2015	1) All County Governments pay verified pending bills amounting to less than Kshs. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2025/2026. 2) That; i. pursuant to the provisions of Regulation 41(2) & (3) of the Public	60 days after the date of adoption of this report

			Delays in exchequer disbursements from the National treasury causing cashflow challenges		Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund,	
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					failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Government shall only pay pending Bills	
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					contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management Act (County Governments) Regulations; pursuant to Regulation 50 (2) & (3) of the Public Finance Management Act (County Governments)
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					Regulations; v. pursuant to Regulation 50 (2) & (3) of the Public Finance Management Act (County Governments) Regulations; pursuant to Regulation 50 (2) & (3) of the Public Finance Management Act (County Governments) Regulations;	
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6	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, the Management did not resolve the issues or give any explanation for the delay in resolving the issues	Management has implemented most of the recommendations given by the auditor in the prior year matters, this is well illustrated in the audited financial statements of FY 2023/2024 under Annex number 9. Management is awaiting the auditors' resolutions.	The management had solved most of the audit queries.	The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	Continuous
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
7	Non-Compliance with Law on	Review of records maintained by Management	Majority of these employees were employed before	6,077 or 91% members of the staff were from the	1) the County Executives should work	60 days from the

	Ethnic Composition of Staff	revealed that the County Executive had 6,688 employees as at 30 June, 2024. However, it was noted that 6,077 members of staff or 91% are from one dominant ethnic community	Section 65(1)(e) of the County Governments Act 2012 came into operation and they were later on inherited from the defunct Local Authorities and Devolved Ministries by the County Government.	dominant ethnic community, contravening Section 65(1)(e) of the County Government Act 2012	progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity. 2) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.	adoption of this report
8	High Wage Bill Above Allowed Threshold	The compensation of employees' payments constitutes forty-five per cent (45%) of the total receipts	Management acknowledges the auditor observation on the above subject matter. However, the management	The management failed to explain the measures put in place to address the huge wage bill, contrary to	1) the management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county	60 days from the date of adoption of this report

		of the County Executive for the year under review contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the payments should not exceed 35% of the County Executive total revenue	was slightly above the threshold provided by the above section of the law.	Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.	government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue. 2) the county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap.	
9	Non-Adherence to the One-third Basic Salary Rule	Review of the Integrated Payroll and Personnel Database (IPPD) for the year under review revealed that one thousand and fifty-five (1,055) employees had net	Reason No. I It has been established that some of the staff captured in the report as having less than a third of their pay had either been	One thousand and fifty-five (1,055) employees had net pay that was less than one-third of their respective basic salaries, contrary to the requirements of	1) The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a	60 days from the date of adoption of this report

		pay that was less than one-third of their respective basic salaries, contrary to the requirements of Section 19(3) of the Employment Act, 2007	interdicted or suspended. Reason No. II The introduction of the new mandatory statutory deductions rates for NSSF, SHA and Housing Levy to all staff at the beginning of the financial year over-committed pay slips	Section 19(3) of the Employment Act, 2007.	plan of the measures put in place to mitigate the issue of non-compliance with the one-third of basic salary rule as well as compliance with the requirements of law. 2) The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds. 3) The Auditor General to keep the matter in review in the subsequent audit cycle.	
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10	Delayed and Stalled Projects	- During the year in relation to ten (10) on-going projects some dating back to the period 2014/2015 costing Kshs.7,244,942,214 at the department of Health Services. - These projects had stalled at various stages of implementation and no reasons were given for their stalling despite their contract period having lapsed. - During the year under review, Management initiated projects costing Kshs.527,298,688. No explanation was provided on why Management	- The previous regime was too ambitious and really overcommitted on development projects since most of these projects are heavy capital intensive and cannot be implemented effectively as anticipated due to the County Government's limited resources leading to inadequate budgetary allocation to complete them as scheduled. - Consistent delays in exchequer disbursements to County Governments by the National Treasury leading	No documentary evidence was provided to show the current status of the project, contrary to Section 108(3) of the Public Finance Management Act, 2012.	1) The Management establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government)	60 days from the date of adoption of this report
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		commenced new projects without completing the already existing incomplete and stalled projects.	to delay in settlement of raised certificates by contractors hence their withdrawal from project sites.		Regulations, 2015. 2) The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report 3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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11	Other Delayed and Stalled Projects Mumias Slaughter House	Mumias Slaughter House at contract sum of Kshs.19,649,884 for a contract period of six (6) months, on 3 March, 2023. Review of the project status and physical verification conducted on 2 September, 2024 revealed that certified works to date amounted to Kshs.7,999,928 and the slaughter house had already been put to use with unfinished toilets, unfixed doors, incomplete flooring, uninstalled fire protection services, unworked cold room, undelivered	The delay in completion of the project was as a result of several factors which includes: • The contractor took long to take up the site due to resource, material and equipment mobilization. • Delay in getting approval from state agencies e.g NEMA license. The stalling of works on the above project was occasioned by a delay in settling the certificate of payment raised by the	1) No documentary evidence was provided to show the current status of the projects, contrary to Section 108(3) of the Public Finance Management Act, 2012. 2) No evidence of payment of Kshs. 7,431,917 to the contractor to complete works	1) The Management establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government)	60 days from the date of adoption of this report
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		elevated steel water tank and incomplete fencing works as per the bills of quantities.	contractor of Kshs.7,431,917 due to delays in exchequer release by the National Treasury		Regulations, 2015. 2) The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report 3) The EACC to investigate the project from inception with a view of causing prosecution of The Office of the County	
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							Governor and the CECM, Finance and Economic Planning for possible loss of funds and provide a status report to the Office of the Auditor General and the Senate within sixty (60) days from the adoption of this report; and 4) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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7	Implementation of Road Projects	Ingotse-Navakholo-chebuyus Road and Butali-Malekha Road at a contract sum of Kshs.448,491,907 and Kshs.257,868,967 respectively. However, the respective project status reports indicate that the projects were behind their completion schedules at 40% and 22% respectively, despite the County Executive having spent a total of Kshs.216,439,820 on both projects as at the time of audit in September 2024.	Delay in relocation of services by service providers; Delayed response to relocate power poles by Kenya Power, from the proposed road corridor led to inconveniences to the contractor which contributed to delayed delivery of the project. Delayed response from the Kenya forest Services to approve felling of trees located within the proposed corridor; Request and reminders to the Chief conservator to approve felling of trees along the	1) Management failed to provide relevant documents to resolve pending matters with government agencies. 2) Management did not provide minutes of meeting between Deputy County Commissioner and the County and its resolutions and follow up. 3) Management failed to provide a list of areas and stretch of the road	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences.	60 days from the date of adoption of this report
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			stretch. Bunyala Forest Reserve have not been responded to. The first request was made on 17th March, 2022. A meeting chaired by the deputy County Commissioner was convened and another letter done by Forest station manager- Bunyala reference B/12/1/20 Dated 23/10/2023 on the same subject matter but to-date no response has been received hence has significantly delayed progress and completion of works. Land encroachment/ acquisition issues; A	that was encroached and details of court cases. 4) Management failed to provide explanation on why payment request amounting to Kshs. 41 million was not paid despite having budgetary provision to settle the bills.		
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			pending land court case affecting 0.5km section of the road has led to suspension of construction works within that section. This has in turn contributed to delayed delivery.			
8	Rehabilitation of Kilimani Secondary School Water Supply	The rehabilitation of water supply within Likuyani Sub-County at a contract sum of Kshs.4,089,406. As at the time of audit in September 2024, the contractor had been paid a sum of Kshs.3,057,006 or 75% of the contract sum. Field verification conducted on 6 September, 2024	Management has noted and states that the identified uncompleted works were actually completed except branding of the water tank however due to insecurity the sign post and marker post was vandalised. At the time the auditors were on the site	1) The works remained incomplete over three years 2) Management failed to demonstrate commitment to complete the stalled project	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences	60 days from the date of adoption of this report

		revealed that the project was incomplete with marker posts not fixed, no signpost erected and branding of the tank had not been done as per specification in the bills of quantities.	the vandalised sign post and marker post had not been replaced.			
9	Completion of Construction of St. Monica Mungoma Water Supply Project	Construction of a water supply project within Likuyani Sub-County at a contract sum of Kshs.18,906,411. As at the time of audit in September 2024, the contractor had been paid a sum of Kshs.15,935,009 or 84% of the contract sum and progress of work was at 85% complete.	Management has recalled the contractor back on site to complete the remaining works and is awaiting the response from the contractor failure to management will institute the process of terminating the contract. The land that was purchased was meant for	1) No documentary evidence was provided to show the current status of the project, contrary to Section 108(3) of the Public Finance Management Act, 2012. 2) The management	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences	60 days from the date of adoption of this report

		Field verification conducted on 6 September, 2024 revealed that the project was incomplete with marker posts not fixed no site camp, water pipes were not connected to the newly installed water tank, no water pumps were installed and two (2) signposts were not erected. The new tank was not installed at the newly acquired land as required by the bill of quantities.	construction of the intake works not for storage tank (Elevated Storage Tank). This due to design of the project which was to serve more people at the upper side of the intake. The tank was constructed at St. Monica Primary School (public land after the consent of the school management). This was necessitated to enable distribution of water to a wide coverage by gravity, unlike if the tank would have been installed at the intake site.	t did not explain why the acquired land failed to meet the bill of quantities' specifications for the water intake and storage tank construction 3) No police abstract was provided to verify the vandalism.		
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10	Milk Processing Plant Project	Proposed construction of milk processing plant in Malava Sub-County through contract No. 732853-2018/19 signed on 16 September, 2019. The original expected date of completion was 20 November, 2020 which as per the progress report No. 10, dated 19 June, 2024 was revised to 31 October, 2023 for a contract period of 202 weeks. As per the progress report No. 10 dated 19 June, 2024, the contract period had lapsed but the project was incomplete and had	The project was not completed within the initial desired timeframe due to: • Insufficient budgetary allocations as a result of scarce resources with too many competing needs. • Delays in settling raised certificates of payments due to non or delays in exchequer disbursements by the National Treasury. • The contractor requested for extension of the contract period which was granted by the accounting	1) The management did not provide an adequate explanation for ensuring project completion. 2) The management engaged in procurement irregularities, including failing to eliminate a non-compliant bidder at the preliminary evaluation stage and not following proper evaluation procedures.	1) The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct. 2) The Office of the County Governor undertakes administrative actions against the officers who failed to provide	60 days from the date of adoption of this report.
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	stalled at 76.5% with total amount paid to date amounting to Kshs.54,253,997 out of the total contract sum of Kshs.108,091,679 or 51%. Review of the procurement process revealed that out of the four (4) submitted bids, one (1) bidder in respect of quote number 728079 was eliminated on the basis of lack of single business permit, which upon confirmation on the Integrated Financial Management System (IFMIS) portal, the permit was attached	officer until 30th September, 2024 Irregular elimination of Dirass Construction and General Supplies Company on the basis of failure to submit a single business permit Dirass Construction and General Supplies Company did submit a single business permit as one of the key requirements in the tender document though the document		the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report. 3) The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services	
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		contrary to evaluation committee's observation. Further, no evidence was provided for audit review on whether due diligence on winning bidder was conducted.				
11	Supply, Installation, Delivery and Commission of an Electronic Board Management System(e-cabinet)	delivery and commissioning of an electronic board management system (e-cabinet) to a local contractor at a cost of Kshs.6,426,400. The project was to be completed within three (3) months from the date of the	Reasons for delay in project implementation by approximately 1 year and 2 months The reasons for delay in implementing the above project are threefold: Lack of the supporting infrastructure in terms of the hardware required	1) The management did not carry out a needs assessment or infrastructure support, leading to the acquisition of software before the necessary hardware 2) The user department	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences	60 days from the date of adoption of this report.

		commencement of the contract. Information available indicate that from the date of commencement of the contract, the contractor had only submitted inception report and paid 20% of the contract amount on 30 June, 2023. However, as at the time of audit in September, 2024 no further progress on work done was provided, the project completion period had lapsed and the project was	to efficiently deploy the system. The hardware required comprise an IPAD Pro fitted with a magic keyboard and a Stylus pencil to enable easier navigation and signing of electronic documents. Delays in payment to the system vendor for raised invoices of Kshs.3, 200,000 due to cash flow challenges. The main sale agreement clause B and 5.3 clearly provided for compensation of Kshs.5,500,000 to Mr. David Nderitu Gacau of ID	failed to prepare a detailed analysis of specification requirement s, resulting in incomplete project implementation due to a lack of critical hardware.		
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					No.14462196 who had leased a portion of the land approximately 20 acres for three years and grown sugarcane. The lease agreement was on file and a copy has been provided for your further audit review. Management acknowledges the typing error on the letter of acceptance. However, the correct title number is Kakamega/Nzoia-10/69 as evidenced by the official land search report from the Ministry of Lands. Management has initiated the				
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			completion of the beaconing process and signage has been labelled accordingly. The process of obtaining land ownership documents could not commence until settlement of the full consideration for the land. The vendor was paid in full by end of September 2024 and the process of ownership transfer is now ongoing.			
12	Lack of Owners hip Documents and Lease Agreement for Aggregation Center Land	Purchase of a parcel of land in Likuyani Sub-County at a total sum of Kshs.133,500,000, out of which Kshs.5,500,000 was to be paid into a	The main sale agreement clause B and 5.3 clearly provided for compensation of Kshs.5,500,000 to Mr. David Nderitu Gacau of ID	1) The management did not provided proof of a lease agreement to justify the payment of Kshs. 5.5	1. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who failed to provide the documents to the auditors and	60 days from the date of adoption of this report

		different bank account belonging to a lessee of a portion of the land for the cultivation of maize and sugarcane. Lease agreement between the owner of the parcel of land and the alleged lessee was not provided for audit review. In addition, the mode of payment under clause 5 of the sale agreement did not explicitly indicate whether the payments were to be made once or in instalments although the County Government made a payment of	No.14462196 who had leased a portion of the land approximately 20 acres for three years and grown sugarcane. The lease agreement was on file and a copy has been provided for your further audit review. Management acknowledges the typing error on the letter of acceptance. However, the correct title number is Kakamega/Nzoia-10/69 as evidenced by the official land search report from	million to Mr. David Nderitu Gacau. 2) No title deed in the name of the County Government of Kakamega has been provided.	provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and 2. the OAG follow up the matter in the subsequent audit exercise.	
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		Kshs.33,000,000 on 23 February, 2024. sThe letter of acceptance from the land seller dated 30 October, 2023 refers to title No. Kak/Nzoia/69 and not Kakamega/Nzoia-10/69 indicated in the signed contract	the Ministry of Lands. Management has initiated the completion of the beaconing process and signage has been labelled accordingly. The process of obtaining land ownership documents could not commence until settlement of the full consideration for the land. The vendor was paid in full by end of September 2024 and the process of ownership transfer is now ongoing.			
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13	Unexplained Procurement of Fertilizers	The contract price on the addendum was Kshs.661,080,000 (120,000 bags of planting fertilizer at Kshs.2,816 per 25kg bag and 120,000 bags of top-dressing fertilizers at Kshs.2,693 per 25kg bag), thereby occasioning increase in price of Kshs.132,120,000 or 25% of the contract price. However, no evidence was provided to show that a report on the variation was submitted to the Authority as required by Section 139(5) of the Public		No evidence was provided that nutrient content performance tests were conducted. The management admitted to the non-submission of the variation report to PPRA and acknowledged that variations were not based on consumer price indices from KNBS.	1) The Kenya Institute of Supplies Management (KISM) takes action(s) against the Head of procurement in Kakamega County for professional misconduct pursuant to Section 23(1)(d)(i) of the Supplies Practitioner Act 2007 and provides an update to the Committee within 60 days of adoption of this report. 2) The EACC initiates an investigation with	60 days from the date of adoption of this report
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		Procurement and Asset Disposal Act, 2015. procurement of the farm inputs for the year 2022/2023 was for 90,000kgs each for planting and top-dressing fertilizers, while the addendum to the main contract had 120,000kgs each for planting and top-dressing fertilizers. No justification was provided on the variation of the requisitioned quantities of fertilizers.			view of prosecuting the Head of Procurement for failing to comply with the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services.	
14	Failure to Prepare and Submit Financial Statements of	During the year under review, the County Government did not prepare and submit to the	Financial statements were submitted late due to the following underlying	The management did not submit some financial statements on time, while others were	1) The Office of the County Governor undertakes administrative action against	60 days from the date of adoption of this report

	Hospitals for Audit	Auditor-General, financial statements for County referral hospitals and Sub-County hospitals. This was contrary to Section 164 (1) and (4)(a) of the Public Finance Management Act, 2012	challenges faced in preparation i) Capacity of human resource personnel in the Level 4 and 5 Hospitals. ii) financial records not well updated which required time to update and prepare the financial statements. Being the first financial statements to be prepared each Hospital was required to prepare and submit three sets of financial statements i.e. for 2021/2022, 2022/2	not submitted at all.	the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. 2) The Institute of Certified Public Accountants of Kenya	
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			023 and 2023/2024 which took time		(ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3) That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and	
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					(c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KIRINYAGA COUNTY EXECUTIVE
FOR THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
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REPORT ON FINANCIAL STATEMENTS

1	Variances Between Financial Statements Balances and Integrated Financial Management Information System (IFMIS) Report	Comparison of Financial Statements and IFMIS Report reflects unexplained variances in the following account balances- Compensation of employees Kshs.6,574,634; Use of Goods and Services - Kshs.65,572,322; Acquisition of Assets- Kshs.(19,297,322) and Other Payments Kshs.(64,576,000)	- The National Treasury had not loaded all the CBK statements in the IFMIS as at 30th June and this contributed to the variances identified during the audit - Adjusted IFMIS reports (statement of receipt and payments, Trial balance) provided. - The Public Sector Accounting Standards provides the use of actual payments detail/ledgers report when preparing the trial balance and subsequent financial	- The variance in each account balance has not been explained or supported. - The adjusted trial balance is not supported by journal vouchers with sufficient explanation, authorization, and documentation.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report.
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			statement under cash basis of accounting. ▪ IFMIS payment details report to support financial statements figures have been attached			
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Use of Goods and Services

1	Irregular Payment of Revenue Collector's Allowances	Payments amounting to Kshs.4,301,100 paid to revenue officers at various rates for breakfast allowances, working during weekend period, working in non-official working hours and taxi services payments were not supported by approved Policy to guide on the basis of rate of payment.	▪ Allowances to revenue officers was based on the rates provided by SRC for lunches. ▪ The county has written to SRC seeking the latest guidelines on the payment of allowances to revenue officer working beyond the official working hours.	The approved policy for the payment of allowances has not been justified or provided	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report.
2	Unsupported Training Expenses	Training Expenses of Kshs.3,778,000 had	List of participants, training correspondence and relevant supporting documents provided	▪ The requisition for the conference package is dated 7th	The Office of the County Governor undertakes administrative action against the responsible officer(s)	60 Days from the date of

	the following anomalies; •Facilitation request memo done after the interviews were conducted-Kshs.660,000 •List of participants not provided-Kshs.600,000 •Evidence of work done not provided-Kshs.450,000 •List of participants not provided-Kshs.120,000. •Evidence of fifty (50) participants not provided-Kshs.750,000. •Evidence of participants and facilitators not provided-Kshs.657,000.		August 2023, while the interviews were conducted between March and June 2023. ▪ The number of participants in some invoices exceeded the number of participants on the attendance list.	who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	adoption of this report.
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	•Expected or results report not provided-Kshs.540,000				
Lack of Ageing Analysis for Payables.	•Account payables included Kshs.587,410,045 due to suppliers for goods, works and services translating to an increase of 48% for the year and was not supported by an ageing analysis. •Other pending staff payables amounting to Kshs.22,824,601 was not supported by an ageing analysis. •pending bill status report at the time of audit was not provided.	The aging analysis for pending account payables has been provided.	• Pending bills increased by 48% during the year, with an ageing analysis provided for pending account payables and staff payables; however, no evidence of payments for these pending bills was provided.	1. All County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and 2. That- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing	60 Days from the date of adoption of this report.
Long Outstanding Pending Bill	Pending bills balance of Kshs.1,229,536,760, include long	• Long outstanding pending bill amounting to Ksh. 827,767,929 represents the eligible pending bills	There is no evidence provided to confirm that the pending bill of Kshs. 827,767,929 was given		

	outstanding debt balance of Kshs.827,767,929 which did not form a first charge.	amount as contained in OAG report 1 and OAG report 2 on the pending bills. The County Government has been allocating Kshs 100 million every Financial Year for the settling of this amount	priority as the first charge to the budget. Only Kshs. 100 million was allocated.	payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management
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				(County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct public	
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					participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
4	Non-Disclosure of Bank Balances.	•Kshs.62,500,000 held at a Commercial Bank was not disclosed in the financial statement and the authority to open commercial bank account was not provided for audit. •Variance of Kshs.742,415 on account of FLOCCA Funding was not explained being the difference between	•Kshs.62,500,000 expensed in the executive financial statement under acquisition of assets as shown in the IFMIS payment details report. • CECM finance approval to open bank accounts provided. • The total amount transferred from the Consolidated Revenue Fund (CRF) to the FLOCCA special purpose account was Ksh. 134,432,040, as	• The Kshs. 62,500,000 transfers to a commercial bank should not have been expensed but instead included in bank balances. • Authority to open a bank account has been provided. • The funds were to be utilized through a Special Purpose Account opened at the Central Bank of Kenya (CBK), in	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report.

	amount of Kshs. 134,432,040 transferred from County Revenue Fund to County executive and Kshs.133,689,625 reflected in the financial statement. •Similarly, Variance of Kshs.75,000 on account of DANIDA Funding was not explained being the difference between Kshs.15,402,000 transferred to County Executive from County Revenue Fund and Kshs.15,477,000 reflected in the financial statement.	evidenced by the bank statement. • The balance of ksh.75,000 was accounted for as miscellaneous receipt in the audited financial statement. • The total amount incurred under DANIDA amounted to Ksh.15,477,000 as per the audited financial statements.	accordance with the Intergovernmental Agreement on the Establishment of County Aggregation and Industrial Parks.	2. Accounting Officer should ensure that all bank balances are accurately disclosed in the financial statements. 3. The Accounting Officer should adhere to the financial arrangements outlined in the Intergovernmental Agreement on the Establishment of County Aggregation and Industrial Parks.	
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Other Matters

Unresolved Prior Year Matters	As at 30 June 2024, Management had not resolved the issues	•The prior year's audit issues were listed as per the template provided by	The committee noted that Various prior-year audit issues remained	the County Executive complies with section 53 of the Public Audit Act, 2015 by	60 Days from the date of
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	the audit report of the previous year under the Report of the Financial Statements, Report on lawfulness and Effectiveness in the use of Public Resources and Report of Effectiveness of Internal Controls, Risk Management and Governance.	PSASB in the audited financial statement •Action taken on those issues provided.	unresolved as of 30 June 2024	taking action on the issues raised by the Auditor General and submits a report to the Office of the Auditor General within sixty (60) days of the adoption of this report.	adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1. Irregularities in Human Resource Management Practices

1.1	Non-Adherence to Fiscal Responsibility Principle on Wage Bill.	•The statement of receipts and payments reflects Kshs.2,613,372,430 as payment for compensation of employees which translates to 49% of the County Executive's total	• Payments for Compensation of employees for the year under review went up due to the phase 1 of salary review by the Salary Review Commission (SRC). • Amount include payment of final tranche of arrears to medics who had been dismissed in the year	The County Executive's wage bill during the FY 2023/2024 stood at 49% of its total receipts which was above the threshold of 35% stipulated under section 25(1) of the Public Finance Management	1. The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue.	60 Days from the date of adoption of this report.
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		receipts of Kshs.5,356,680,031 exceeding 35% allowable limit provided in the PFM (County Government) Regulations.	2019 and consequently reinstated by the Court. • The percentage of the total revenue spent on payment of emoluments decreased from 44 percent in FY 2022/2023 to 42.87 percent in FY 2023/2024.	(County Government) Regulations, 2015.	2. The county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap. 3. The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.	
2	Non-Compliance with the One Third of Basic Salary Rule	Review of payroll records revealed that two hundred and forty-nine (249) employees with basic pay of Kshs.11,261,061 earned less than a third of basic salary.	- Change of taxation policy by introduction of new PAYE tax bands effective January 2021. This change had the effect of increasing the PAYE levied on individual officers. - Introduction of the Housing Levy Fund requires each employee to pay 1.5% of gross	The Committee observed that some of the county staff were earning less than a third of their basic pay contravening Section 19 (3) of the Employment Act 2007.	1. The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate the issue of non-compliance with the one-third of basic salary rule as well as compliance with the requirements of law.	60 Days from the date of adoption of this report.

			monthly salary to the Fund. Implementation of the National Social Security Fund Act		2. The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds. 3. The Auditor General to keep the matter in review in the subsequent audit cycle.	
1.4	Non-Compliance with the Law on Staff Ethnic Diversity	•County Executive had employed two thousand three hundred and fifty-seven (2,357) members of staff, out of which two thousand two hundred and sixty-seven (2,267) or 92% of the members of staff are from the dominant ethnic community in the County.	•County inherited Staff from the former local authorities and National Government staff performing devolved functions. •Majority of the positions falling vacant are at the lower levels therefore attracting high numbers of local candidates. •The open nature of competitive positions where knowledge of the topography and geographical features of the county is a factor •Highly skilled multi-ethnic staff opting to move to the	There was a lack of ethnic diversity, as 92% of the staff members belong to the predominant ethnic community in the county, contrary to Section 7 of the National Cohesion and Integration Act, 2008	1. The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 2. The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.	60 Days from the date of adoption of this report.

			National Government, or other Counties especially urban Counties or Home Counties.			
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2 Ineffective Management of Contracts

1	Construction of a Three Storey Medical Complex in Kianyaga Sub County Hospital	• The initial contract period of 98 weeks expired on 28 August, 2023 from the commencement date of 12 October, 2021. The contract period was extended by 61 weeks from 29 August, 2023 to 29 November, 2024. As at the time of audit in the month of September, 2024, payments of Kshs. 216,723,995 had been made, translating to 75% of the contract sum of Kshs. 288,867,930. According to implementation	• Payments of Kshs. 216,723,995 relates to the Main Contract/ Builder's works whose current completion status is at 87% as evidenced by the progress report. • Stoppage of work due to nonpayment was not attributed to underfunding of the approved budget. • Negotiation reports for procurement of CCTV, Generator, medical gases, PABX, Solar Water heating provided. • Delays in the completion of the Main Works by the Main Contractor, the subcontractors work could commence.	• The management has provided a progress report indicating a completion status of 87%. • There is no evidence of a contract extension since the last approved contract period expired on November 29, 2024. While negotiation reports have been submitted, proof of the current payment status remains pending.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing	60 days from the date of adoption of this report
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	status report the completion status was at 70% implying that the project is behind schedule and payment may have made for works not executed. •The contractor vide letter dated 24 April, 2024 wrote to the project implementation committee on stoppage of works due to non-payment. The Management attributed the nonpayment to underfunding of the approved budget. •on 14 August, 2023, subcontracts valued at Kshs.137,508,864 which include; CCTV & access control, Installation			and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. Further investigation of the subcontract's procurement process is recommended in view of identifying the irregularities in the procurement process; 4. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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		of medical gases system, Installation of I.P.P.B.X Telephone instruments & structured cabling works and Installation of solar water heating system were awarded to the contractor of the main works through direct procurement however, no evidence of negotiation with the Supplier. •At the time of audit, in September 2024 the contracts had not been implemented.				
2	Construction of Three Storey Medical Complex at Kimbimbi Sub County	•Initial contract period of 98 weeks contract expired on 28 August, 2023 from the commencement date	Payments made amounting to Kshs.202,050,708, relate to payments made to the Main Contract/ Builder's works whose current completion status is at 85%	▪ The management has provided a progress report indicating a completion status of 87%.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization,	60 days from the date of adoption of this report

Hospital.	of 12 October, 2021. The contract was extended for 61 weeks from 29 August, 2023 to 29 November, 2024. As at the time of audit, payments amounting to Kshs. 202,050,708 had been made translating to 70% of the contract sum of Kshs. 288,867,930. However, according to implementation status report the completion status was at 70% implying that the project is behind schedule and payment may have been made for works not executed. • On 14 August, 2023, subcontracts valued at Kshs. 137,508,864	as evidenced by the progress report.	There is no evidence of a contract extension since the last approved contract period expired on November 29, 2024. While negotiation reports have been submitted, proof of the current payment status remains pending.	planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; - The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; - The OAG to keep the matter in view and provide a status update to	
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		which include; CCTV & access control, Installation of medical gases system, Installation of I.P.P.B.X Telephone instruments & structured cabling works and Installation of solar water heating system were awarded to the contractor of the main works through direct procurement however, no evidence of negotiation with the Supplier. •At the time of audit, September 2024 the contract had not been implemented			the Committee in the subsequent audit cycle.	
3	Incomplete Ndaba	•The construction contract was awarded at a contract	• The contract was terminated on 30th October	▪ The project's termination letter was provided.	The Accounting Officer shall ensure that the contractor is surcharged for liquidated	60 days from the date of

	Dispensary at Kagai Ward	sum of Kshs.12,837,700 with project start date of 22 May, 2021 and completion date on 15 March, 2022 had since expired and no evidence of extension. • Payments of Kshs.7,585,032 had been made as at the time of audit in the month of September, 2024. • physical works were at 67% completion level at the time of audit month of September 2024.	2024, due to non-performance. - The remaining work has since been reassessed and included in the 2024–2025 financial year supplementary budget. - The procurement process for this works is currently ongoing.	The supplementary budget for the 2024–2025 financial year was provided, but evidence of reassessment and ongoing procurement processes was not submitted.	damages due to a delay in the completion of the project	adoption of this report
3	Incomplete Hospital Management Information System (HMIS)	• Integrated Hospital Management Information System costed Kshs.27,203,450.	The system has not yet been rolled out to the other hospital facilities since the construction works of the Kimbimbi Kianyaga and Sagana Sub -County	Despite the project being budgeted to cover multiple health facilities (Kerugoya, Kianyaga, Kimbimbi, Sagana), only Kerugoya County	The Accounting Officer must ensure that the contract sums attributable to the installation of the system at the subcounty hospital are	60 days from the date of adoption of this report

	•Implementation status provided indicates that only Kerugoya County Referral Hospital is fully automated yet other health facilities such as Kianyaga, Kimbimbi and Sagana Sub- County Hospitals are not yet they had been included in the contract and budgeted for.	hospitals are not yet completed.	Referral Hospital was fully automated. This raises concerns about the utilization of the allocated Kshs. 27,203,450, as funds may have been diverted, underspent, or mismanaged.	disbursed only upon its full installation.	
Ineffective Utilization of Public Resources for Legal Expenditure.	Expenditure of Kshs.66,212,341 was incurred on legal cases in the year under review despite the County Executive having an established Legal Department with qualified staff capable of representing the	- The County has fully established legal department with County Attorney and Solicitor and two other employees in the department - Certain legal matters necessitate the engagement of external attorneys who possess specialized expertise in particular fields. These were the services which	The Committee observed that the list of services rendered and the lawyers procured was not provided. The Committee further noted that county governments use legal services as a conduit for siphoning funds, claiming that County Attorneys are	- The Accounting Officer should ensure the prudent use of public resources by utilizing the services of the County legal departments rather than outsourcing, unless it is justifiable. The County Executive utilizes the Office of the County Attorney to advise on the county's	

		County on legal matters	were outsourced by the County. The expenditure amounting to Kshs 66,212,341 was inclusive of legal fee pending bills amounting to Ksh.38,905,600.	incapable of handling legal matters.	legal fees status, liabilities and court representation. The county should provide evidence of compliance with the County Attorneys Act within 60 days of the adoption of this report	
5	Delay in Construction of a Fire Station Project	•The project was contracted at a contract sum of Kshs.50,782,580 with the commencement date was on 28 September, 2021 and the completion date of 8 April, 2022, translating to contract period of 28 weeks which had expired and no evidence for extension was provided.	- The County fire station was approved and awarded during the financial year 2021/2022 under the Kenya Urban Support Program (KUSP). concluded in the fiscal year 2022/2023, making way for its successor, the KUSP II program - Disbursement of funds has been inconsistent since the beginning of project, leading to persistent delays that have impeded the progress of the project. - Procuring entities were instructed to secure	There is no evidence of a contract extension. The contract completion period has expired, yet the project remains incomplete.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within	60 days from the date of adoption of this report

	•At the time of physical verification in the month of September, 2024 the project was at 88% completion level with value of work done amounting to Kshs.44,714,691. •Physical verifications indicated four (4) roller shutter doors that act as entrance to the building had not been installed and the external wall to the premise were left open leading to susceptibility to security risk, three (3) flush doors and four (4) windows had already been damaged and the project had stalled.	their own funding to finalize any incomplete projects after the closure of the KUSP program		60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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Construction of County Aggregation and Industrial Parks (CAIP)

6.1	Proposed Construction of County Aggregation and Industrial Parks	The proposed Construction of County Aggregation and Industrial Parks (CAIP) was awarded to a local contractor at a contract sum of Kshs.499,988,904 •The approved budget for County Aggregation and Industrial Parks was Kshs.500,000,000. Out of which Kshs.250,000,000 was to be funded by the Ministry of Investments, Trade and Industry (National Government) and Kshs.250,000,000 by County Government. However, the amount of Kshs.250,000,000	• The amount of Kshs.250,000,000 was not fully transferred to the Special Purpose Account (SPA) primarily because the National Government only disbursed 62,500,000 which was subsequently transferred to SPA on 21st May 2024. • The County also transferred its part of counter funding to SPA amounting to Ksh.184,741,803. • Pursuant to section 119(1) of the PFM Act 2012, there was authority to open the project account at commercial bank from CECM finance as evidenced by the attached letter. • Delays in the construction of the County Aggregation and Industrial Parks (CAIP) have been caused by unforeseen site conditions, adverse weather, and funding delays. The	▪ The County did not comply with the Treasury Order issued by the Controller of Budget to transfer its designated Counter Funding of Kshs. 250,000,000. Instead, only Kshs. 184,741,803 was transferred. ▪ Authority to open bank Account provided. ▪ The County did not adhere to the financial arrangements for operating the Project's activities through the Special Purpose Account held at CBK. ▪ The contract period was extended by 39 weeks, shifting the	1. The Accounting Officer should ensure that the county's contribution of Kshs. 250,000,000 for the project, as requisitioned and approved by the Controller of Budget, is fully transferred to the Special Purpose Account held at the Central Bank of Kenya (CBK). 2. The Accounting Officer should comply with Article 3(c) on financial arrangements of the Intergovernmental Agreement on Establishment of County Aggregation and Industrial Parks.	60 days from the date of adoption of this report
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	was not fully transferred to the Special Purpose Account (SPA) despite disbursement approval of funds by the controller of budget. •An amount of Kshs.62,500,000 was irregularly deposited on 27 May, 2024 to a commercial bank account opened at a local bank instead of operating the activities of the project on the designated special purpose account at Central Bank of Kenya contrary to Article 3(c) on financial arrangements and Regulation 82(1) of	project site is prone to flooding, which, combined with bad weather conditions, has significantly affected construction progress. • Project has fallen behind schedule, with the initial contract period of 28 weeks elapsing by 45 weeks, translating to 161% of the initial timeframe. • contract period was extended by 39 weeks, moving the completion date from 26th March 2024 to 24th December 2025. • As of 13th March 2025, the overall completion stood at 65%, while total payments paid to date amount to Kshs. 258,327,615.60, representing 52% of the contract sum	completion date from March 26, 2024, to December 24, 2025. ▪ According to the progress reports, the overall completion stood at 65%.		
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the Public Finance Management (County Government) Regulations, 2015.

•According to physical inspection in the month of September, 2024 and project progress report dated 17 September, 2024, the overall project completion status of work physically completed was at 30%. However, the completion status was behind schedule since the initial contract period had elapsed by 45 weeks against the approved contract period of 28 weeks translating to 161% of lapsed initial contract

		period and the contract period was extended by 39 weeks from the initial completion date of 26 March, 2024 to 24 December, 2024. •According to the interim certificate No. 3 dated 21 June, 2024 the total work certified was Kshs.116,578,660 representing 23.3% of contract sums.				
2	Tender for Extra Works for the Proposed Construction of County Aggregation and Industrial Parks	•Extra works was initiated by a request for variation by the contractor on 3 August, 2023 citing abnormalities in depth ranges of excavations from 1.5m to maximum of 3m.	• Geotechnical survey was not carried out prior to the design of the project however trial pits were dug and investigated to assess the physical and chemical properties of the soil and rock which is an alternative to geotechnical survey. • The Project designs and Bills of Quantities were	▪ Management explained that the project designs and Bills of Quantities were uniformly developed by the Ministry of Investments, Trade, and Industry for all counties. As a result, a geotechnical	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in	60 days from the date of adoption of this report

	•The project manager (Director of Public Works) via a memo dated 8 August, 2023 wrote to the Accounting Officer of Trade citing that no geotechnical survey was carried out prior to the design of the project. •Extra works were approved and awarded by contracting the main contractor at a contract sum of Kshs.91,868,580 without a budgetary allocation. •Audit of CIT Minutes dated 21 May, 2024 noted that the Ministry of Investments, Trade and Industry had not	developed by the Ministry Investments, Trade and Industry in uniform for all counties oblivious of the County's' site specific details such as soil type/ quality and topography which could affect project implementation. • According to a Trial Pit survey done on the site revealed the ground has silted clay soil to depths of 3meters. According to the BQ the bulk excavation was indicated as to excavate from existing ground level to 1.5meters. Hence the need for variation from 1.5m to 3m • Other justification for variation were as follows: The Contractual scope for the Boundary wall was 514 LM as per the original BQ while the total scope of required was 804LM which	survey was not conducted prior to the project design. ▪ The Ministry of Investments, Trade, and Industry has not yet confirmed how the additional works amounting to Kshs. 91,868,580 will be financed.	the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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	clarified how the additional costs for the extra works were to be financed. •An amount of Kshs.72,875,362 had been paid as at 30 June, 2024 out of the County's project contribution budget of Kshs.250,000,000.	was less by 290LM and the need to enhance security by intridung an electric fence and razor wire to the masonry boundary wall • Based on the technical reports and pursuant to the Public Procurement and Disposal Act 2015, sections 103(d), 139 (1)(4)(6) and 151 (e) the procuring entity duly tendered for the additional works separately at a total cost Kshs.91, 868, 580. This decision was made to prevent project delays and mitigate potential cost escalations that could arise from halting the project. • According to the CAIPS manual, the additional works costs were to be shared equally between the National Government and the County government.			
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			The County wrote to the Ministry of Investments, Trade, and Industry to seek advice and guidance for the approval of the proposed budget for the extra works and payment structure as per the cited justifications by the Contract Implementation Team (CIT) which was not responded to.			
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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1	Lack of internal Audit Reports	- There was no evidence of internal audit reports for the audit assignments carried out during the year under review despite approved budget allocation of Kshs.1,718,200 for internal audit function. - No approved Internal audit plan was provided	- The internal audit department undertook additional internal audit activities that were not initially included in the annual internal audit workplan. - Absence of a duly constituted and approved audit committee within the County at that time, which is responsible for approving internal audit workplans. - the internal auditors were engaged in other	No evidence of internal audit reports	- The county Executive expedites sufficient staffing of the audit committee to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. - The Salaries and Remuneration Commission (SRC) to review the compensation framework for Audit	60 days from the date of adoption of this report
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		internal audit activities while awaiting the approval of the audit committee.		Committee members since the low sitting allowances may not attract seasoned professionals to the county Audit Committees	
Lack of Valuation Report and Ownership Documents	•The non-current asset balance of Kshs. 6,340,569,358 includes balance of Kshs.53,102,895 for Kamweti Land whose ownership details were not provided for audit. • Further, the title deeds and valuation reports were also not provided.	•The Kamweti land is fully owned by the County as evidenced by the attached copy of green card and search.	▪ Copy of green card and search provided. ▪ Title deeds and valuation report were not provided.	1. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the	60 Days from the date of adoption of this report

					Auditor General within 60 days of adoption of this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR GENERAL'S
REPORT OF KISUMU COUNTY EXECUTIVE FOR FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
REPORT ON FINANCIAL STATEMENTS						
1	Inaccuracies in Compensation of Employees	Kshs.4,462,912,350 in respect of compensation of employees is at variance with the payroll ledger amount of Kshs.5,009,494,983.	- Kshs.238,422,534 Salary payments for the City of Kisumu (Self reporting entity). - Outstanding Salaries for June 2024 totalling to Kshs.468,959,958 which remained unpaid as of 30 June 2024 due to inadequate funding.	The treatment of the prior year's employee costs is contrary to the cash basis accounting standard. Additionally, the remittances cannot be verified due to the absence of bank statements and IPPD by-products.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section	60 Days from the date of adoption of this report.

			• Salary Payments relating to the FY 2022/2023 amounting to Kshs.160,799,859, which were settled during the period under review due to delays in fund disbursement.	• The employee cost for the City of Kisumu has not been supported by any evidence.	156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a	
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					status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of	
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					provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015. 4. The Committee advised the Head of Treasury to be diligent and adhere to provided accounting standards.	
2	Use of Goods and Services					
2.1	Unsupported Domestic Subsistence Allowances	Per diems of Kshs.3,381,000 were not supported with details of the nature of	Kshs.7,281,000, which has been accounted for using the supporting documents as	The Management has not provided evidence to support the response regarding Kshs.	1. The Office of the County Governor undertakes administrative action against	60 Days from the date of adoption of this report.

		activities, requisitions, budgets and subsequent approvals. • Imprests issued for travels totalling to Kshs.5,330,000 were supported with less days than the approved.	attached with back-to-office reports, attendance schedules, work tickets, and invitation letters. • Management has strengthened internal controls to ensure strict adherence to Section C.17(3) of the HR Policies & Procedures Manual for Public Service (2016).	3,381,000. However, supporting documents for Kshs. 700,000 have now been provided and reviewed.	the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public	
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					Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution	
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					for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
2.2	Unaccounted for Fuel	• Work tickets provided for audit review revealed discrepancies in the fuel drawn. • Payments were based on an	• Payment of Kshs.1,000,000 was processed on 10 November 2023 but supplier recorded on 24 January 2024	• Management has provided a handwritten document that is neither referenced	1. The Office of the County Governor undertakes administrative action against the responsible	60 Days from the date of adoption of this report.

		expired contract agreement. • Kshs.1,000,000 paid for could not be traced in the supplier statement. • Work tickets for fuel expenditure totalling Kshs.2,767,789 were not provided.	due to delays in reconciling their records. • The contract agreement has been renewed and provided as well as fuel register and corresponding work tickets.	nor authenticated. • The response regarding fuel expenses of Kshs. 1,000,000 is unclear. • Management has supported and provided a contract dated April 2024 with Seasons Energy.	officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. Management should rationalize/rotate the staff within the	
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					transport department. 3. The internal audit function should carry out frequent internal reviews in the transport department. 4. Management should implement a robust tracking system for fuel procurement and usage.	
2.3	Unsupported Legal Expenses	Expenditure amounting to Kshs.22,496,355 was not supported with documents such as such as list of pending legal cases, outstanding legal fees per case,	Legal fees paid following court rulings against the County, which were mandatory and not subject to procurement or contractual agreements.	The unsupported legal expenses lack the necessary documentation. Management has not provided evidence for all expenses, including their	1. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who	60 Days from the date of adoption of this report.

		contract agreements, procurement records.	Supporting documentation, including a breakdown of pending legal fees per case, case statuses, and payments made, has been provided.	status, attorney instructions, and/or fee notes, as the explanations provided are not verifiable.	failed to provide the documents to the auditors and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and 2. The EACC initiates an investigation with the view of causing prosecution of the accounting officer for the possible loss of Kshs. 22,496,355 whose expenditure was incurred	
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					as legal fees without proper documentation and approvals.	
3	Transfers to Other Government Agencies	Examination of receiving entities records revealed AIA collection of Kshs.475,159,612 during the year resulting to a variance of Kshs.11,207,609.	Variances have been corrected with JV and bank statements provided to support timing differences.	The ledgers provided still show a higher amount allocated to the hospitals than what was reported at the respective facilities: Kisumu East, Muhoroni, and Nyakach Hospitals. The City of Kisumu transfer has not yet been reconciled, and a variance remains in the respective financial statements.	1. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the prescribed timelines; and 2. The County Executive to identify the	60 Days from the date of adoption of this report.

					training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.	
4	Inaccuracies in Cash and Cash Equivalents	Review of the bank reconciliation statements revealed unreconciled items including receipts in bank statements not in cashbook, variance in the figure reported in	• The cashbooks are now updated. • The bank balances relating to commercial banks totaling to Kshs.7,236,579	• The cashbook has not yet been updated with the receipts from the bank statements. • Balances on unspent funds should ideally	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to	60 Days from the date of adoption of this report.

		the financial position.	have been disclosed as required in the amended Financial Statements.	be recognized as receivables. Furthermore, the THS-Department of Health has not been disclosed, while the Kisumu ABDP has been disclosed at a varying amount of Kshs. 862,059.	provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes	
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					disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National	
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					Treasury within sixty (60) days of the adoption of this report.	
Other Matter						
1	Budgetary Control and Performance	Under-funding of Kshs.3,849,401,058 or 31% of the budget.	Underfunding resulted from a shortfall in revenue streams.	The Committee noted that delays in receiving exchequer releases from the National Treasury and under-collection of own source revenue hindered optimal program implementation and effective budget execution.	1. The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and 2. The County executive puts in place measures to enhance its own generated	Continuous

					revenue to meet its revenue target and address revenue shortfalls.	
2	Unresolved prior year matters	Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.	All prior year matters were resolved as indicated in the financial statements under other disclosures.	The Committee observed that the County executive did not take action on issues raised in the Report of the Auditor General for previous financial years	The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	60 Days from the date of adoption of this report.
Other Information						

	Audit of Performance Information	The Management did provide evidence of tests to ascertain viability, quality and suitability of the cows before procurement. Further, a comprehensive project implementation status report was not provided.	The viability, sustainability, and quality of the cows were ensured by sourcing the animals from reputable breeder farms as a quality control measure.	The documents presented do not adequately address the issue, as there are gaps in the provided information. The due diligence report dated February 26, 2024, recommended procuring cattle from Nakuru and Alalau; however, the procurement details and relevant records have not been provided. Additionally, the status report from July 2024 indicates that the number of animals at KDDC is 22, following the	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report.
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				death of 10 animals since April. These losses are significant. Furthermore, the actual number of dairy cattle cannot be confirmed at this time.		
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
2	Non-compliance with the law on fiscal responsibility – Wage bill	Compensation of employees representing 52% of the total receipts	This was primarily due to insufficient own-source revenue collection, which disproportionately skewed the wage bill ratio.	The Committee observed that the expenditure on compensation of employees exceeded the threshold of 35% prescribed by the Section 107(2) (c) of the Public Finance Management Act, 2012 and Section 25(1) (b) of the	1. The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall	Continuous

				Public Finance Management (County Government) Regulations, 2015. The wage bill may become unsustainable unless effective measures are implemented to control its growth and enhance the collection of county-generated revenue.	not exceed 35 percent of the county's total revenue; 2. The county executive puts in place measures to enhance its own source revenue collection to address the high wage bill gap; and 3. The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of	
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					the adoption of this report.	
3	Irregular Payments to Members of County Assembly and Staff	Imprest totaling Kshs.4,172,000 paid to County Executive staff members to facilitate County Assembly Budget and Appropriation Committee and Secretariat members.	These meetings were for stakeholders convened by the County Executive and required the participation of Members of the County Assembly (MCAs), who were formally invited to contribute to the preparation of the FY 2024/2025 Budget.	Management has yet to provide any official engagement documents between the Assembly and the Executive.	The accounting officer surcharges and recovers in full monies paid to officers as imprest for events fully funded by the County in breach of regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015	60 Days from the date of adoption of this report.
4	Irregular Payment to Machine Based Staff Allowances	Kshs.2,384,450 was paid in respect to machine-based staff allowances with no justification on why staff were getting extra payments for	The machine-based lunch allowance of Kshs.2,384,450 was paid to staff engaged in machine-based road projects while working away from	The expenditure on meal allowances is irregular and inconsistent, and management has not provided justification for	The Committee recommended that the EACC initiate an investigation with the view of causing prosecution of the	60 Days from the date of adoption of this report.

		performing their normal duties.	their designated workstations.	these payments. Additionally, the allowances are not aligned with the respective job groups.	accounting officer for payment of excess allowances to staff, far above the Salaries and Remuneration Commission's authorized rate, without relevant requisitions and approvals, contrary to Article 226(5) of the Constitution of Kenya, 2010.	
5	Irregularities in Procurement	Payments of Kshs.928,000 and Kshs.2,699,235 were made for provision of documentary services for the State of County address by the Governor and provision of	- Procurement was conducted outside IFMIS due to the delay in uploading the approved FY 2023/2024 budget into the system. - The procurement for event	Procurement conducted outside the IFMIS system deviated from the provisions of the Public Procurement Act. The procurement of event management services for the	1. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching	60 Days from the date of adoption of this report.

		event management services for 2023 Finance Bill which were conducted outside IFMIS. • Review of payment voucher no.863988 amounting to Kshs.2,998,500 indicated that the committee did not carry out the preliminary and financial evaluations. • During the year under review, Management made a payment of Kshs.2,998,780 for provision of catering services	management and logistical support followed the Request for Quotations (RFQ) method as per the law. • Management acknowledges the audit issue regarding the procurement of catering services before proper requisition. • The delay in delivering uniforms and stationery was procedurally addressed through a contract extension that was sought and	county public stakeholder feedback session was not evaluated in accordance with procurement procedures. Management acknowledges the error of proceeding with procurement without a formal requisition. Regarding the procurement of uniforms, the firm requested an extension via a letter dated March 20, which was subsequently approved by the Chief Officer.	procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. EACC investigate the irregular award of the tender with a view of prosecuting the responsible officer(s) if	
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		during the World Food Day and World Rabies Day whose records suggested that due process was not followed in the procurement as requisition to procure came after the delivery of the services. • Management paid Kshs.2,996,800 for inspectorate uniforms and Kshs.2,307,424 for office stationery supplies whose deliveries were made beyond thirty (30) days after issuance of	approved before the lapse of the initial delivery period.		found culpable; and 3. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which	
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		Local Purchase Orders.			constitutes a professional misconduct.	
6	Procurement Using Un-Prequalified Suppliers	Hiring of excavator machine for Miriu Ogenga Stream-Kabonyo was from a firm not prequalified under the required category.	For the procurement for Hiring of Excavator for Miriu-Ogenya Stream in Kabonyo Kanyagwal, was reserved for AGPO. The Contractor dully submitted an NCA certificate and was in the registered list of suppliers under AGPO.	The documents to support the response are not provided for audit review.		
9	Delayed Execution of Consultancy Services on Training Policy	Consultancy services for a training needs analysis at a cost of Kshs.2,920,000 whose no approved policy document, key approvals or progress reports were provided for audit.	The contract for consultancy services for development of training needs analysis was valid. The final Training Policy document was formally adopted by the Cabinet.	The policy supporting the response has not been provided.	The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws	60 Days from the date of adoption of this report.

					in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
12	Failure to Rotate Service Providers	Review of records revealed that the County Executive awarded travel agency and air ticketing contracts to five (5) service providers from the list of ten (10) registered/pre-qualified suppliers.	The limited rotation among suppliers was due to cash flow constraints, which led to many listed firms declining to offer services on credit.	Failure to rotate was non-compliant with the procurement Act. However, the audit is cognisant of the prevailing circumstances.	1.The County management should strive to promote rotation and fairness in selecting legal firms and thorough vetting be done when prequalifying based on meritocracy. 2.Management should comply	60 Days from the date of adoption of this report.

					with Section 103(1) of the Public Procurement and Asset Disposal Act, 2015 which provides conditions under which direct procurement method may be used if it is the most preferred method	
13	Unsupporte d Framework Agreements	In supply and delivery of medical items through framework agreement Management did not provide value for money assessment reports.	Prior to contract award, a comprehensive market survey was conducted to benchmark prices against prevailing market rates, including the Kenya Medical Supplies Authority (KEMSA) pricing structure. At the	The value for money reports and/or market surveys have not been provided.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the	60 Days from the date of adoption of this report.

			time of the audit, a formal annual value-for-money assessment report had not been finalized since the contract was still within its first year.		Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
14	Poor Contracts Administration	Management entered into various contracts with different contractors for a contract period of twelve (12) weeks which were incomplete without extensions.	Sampled projects remained incomplete due to exogenous factors, and no payments had been initiated. Additionally, some projects had been suspended due to unfavorable weather conditions.	The termination letters were provided and verified. However, the status of these projects remains unconfirmed hence value for money cannot be confirmed.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as	60 Days from the date of adoption of this report.

			The contractors who failed to fulfill their contractual obligations were issued with termination notices, resulting in the termination.		well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled	
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					projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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15	Idle Health Facilities	Physical verification in the month of September, 2024 revealed that the facilities were complete but remained idle. Further, there was evidence of vandalization of electrical works in the Hospital and the compounds were in a state of neglect.	Dago Kotiende-rectification of all the electrical works that were stolen, mobilized all necessary basic equipment, the compound has been cleared and the Security of the facility has been improved the facility is now operational.	Physical verification will be carried out on 24 March 2025.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance	60 Days from the date of adoption of this report.
16	Delay in Implementation of Contracts	Review of records provided revealed that the County Executive entered into eleven (11) contracts whose support on site meetings to hand over the site and/or assess the implementation of the project were not provided.	County has submitted the PMC appointment letters and site meeting minutes to the Auditor for verification, confirming that the committees actively monitored project implementation.	The status of the projects and requisite documents to confirm the same have not been provided.		

18	Irregular Termination of Contracts	The management wrote to the County Attorney seeking for professional advice on termination of procurement projects.	The contractors who failed to fulfill their contractual obligations were issued with termination notices, resulting in the termination.	The termination letters were provided and verified. However, the status of these projects remains unconfirmed hence value for money cannot be confirmed.	Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the	
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					adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle	
20	Pending Bills	• Pending bills schedule provided reflects pending bills totaling to Kshs.2,743,140, 069 resulting to an unreconciled balance of Kshs.7,194,650. • Pending bills amounting to Kshs.1,493,858, 913 which should have been paid as a	• Some bills were inadvertently excluded during the compilation of the supporting schedule for financial reporting. A comprehensive review and reconciliation of the pending bills have been conducted.	• The revision financial statements is a post balance sheet event. The Management is required to disclose the same in subsequent periods. • The errors noted and corrected imply internal	1. All County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and 2. That- i. pursuant to the provisions of	60 Days from the date of adoption of this report.

		first charge were still outstanding as at 30 June, 2024. • Payments totaling Kshs.10,917,576 paid during the year under review were not listed or disclosed as part of the pending bills in the audited financial statements for the prior years. • Pending bills totaling to Kshs.20,263,671 were over paid by Kshs.3,853,727.	• Delays in settling of bills were attributed to budgetary constraints and prioritization of critical expenditures. • The earlier figure of Kshs.2,735,945, 419 was erroneous and was corrected in the amended financial statements. • Kshs.10,917,576 were payments were related to bills identified post-financial statement preparation for the prior years.	quality control on the financial statements was not duly done.	Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of	
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					Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. Supplementen	
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						tary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct	
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					public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
21	Contingent Liability	- Contingent liabilities register reflects a balance of Kshs.2,157,868, 820 resulting to an unexplained and unreconciled variance of Kshs.1,168,965, 584. - Further, the contingent	Contingent liabilities are now supported by a detailed contingent liabilities list, which has been provided in accordance with the reporting template.	Management has provided schedules in support of debt owed to LAPTRUST and pension scheme of Kshs.216,525,571 as well as NSSF of Kshs.558,980,792 and Medallion list of Kshs.11,820,000. However, the	1. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management	60 Days from the date of adoption of this report.

		liabilities were also not supported by relevant documentary evidence.		schedules are not verifiable and no primary records have been provided. Schedules for Court Case Against County of Kshs.2,157,868,8 20 and LAPFUND of Kshs.381,639,221 were not provided.	(County Government) Regulations, 2015. 2. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who failed to provide the documents to the auditors and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
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22	Unexplained Voided IFMIS Transactions	IFMIS payments transactions revealed that 4,127 transactions valued at Kshs.2,667,105,751 were voided during the year under review.	These transactions, which had reached the internet banking stage, were voided to clear the system as per National Treasury guidelines and facilitate the uploading of the new budget for the 2024/2025 financial year.	Management has not provided justifiable reasons for voided transactions whose commitments were done in 2nd quarter.	1. The Committee requests the Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report. 2. The Office of the County Governor undertakes	60 Days from the date of adoption of this report.
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					administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds. 3. Within six months of adoption of this report the CS National Treasury to ensure IFMIS reconfiguration with CBK system to	
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					avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved. 4. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.	
23	Regularity of Human Resource Management Practices				5.	
23.1	Lack of an Annual	Human Resource Department did not	Annual Recruitment plan is	The County is yet to formulate and	The Committee recommends that	Continuous

	Recruitment Plan	prepare and submit the recruitment plans to the County Public Services Board.	by-product of approved Staff establishment. The County Government of Kisumu developed and operationalized staff establishment in August 2023.	implement an annual recruitment plan as required by HR manual.	the County Executive provide evidence to show compliance to the rules set by the County Public Service Board in relation to recruitments.	
23.2	Lack of Human Resource Plans and Policies	County lacked approved key policy manuals for Human Resource Management, including a customized scheme of service, career progression guidelines and Human Resource Plans.	County had a customized HR policy and Procedures manual but did not have a customized career progression guideline.	Final HR manual verified and confirmed adopted. However, it has not prepared and provided annual work plans.	The county Executive strictly adheres to the Human Resource Policies and Procedures Manual and submits a status report of the adherence within sixty (60) days from the adoption of this report.	Continuous

23.3	Irregular Promotion of County Staff	Payroll records revealed instances where thirty-nine (39) employees of the County Executive were promoted by two (2) or more job groups within a year. The basis of these unusual promotions was not supported by documentary evidence.	The first two staffs in the table below were new appointments. An adhoc Committee on Confirmations, Promotions and Re-designations which worked on the requests as per attached appointment letter and report. The recommendations were approved by CHRAC and submitted to the CPSB for action.	• The appointment of the two staff was supported with relevant documents. • The promotions and re-designations of the 38 officers was not supported by the sufficiently. Only invitations for interviews and appointment by the Authorising Officer were provided. Requisite documents such as vacancies,	1. Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Public	60 Days from the date of adoption of this report.
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				interview reports were not provided.	Service Board to reverse the unlawful promotions, enforce strict compliance with merit-based evaluations and undertake administrative action against the responsible officer(s) for the irregularities and submit a status update to the Auditor General and the Senate within 60 days of adoption of this report.	
23.4	Irregular Payment of Salaries Outside the IPPD	The supporting documents revealed salary payments amounting to Kshs.210,009,458 were processed	The delay in processing of unified payroll number (UPN) by the State department for	The Management is yet to effect audit recommendations as this matter has	1. The Senate notes that the process of issuance of Personal File numbers is	60 Days from the date of adoption of this report.

		through the manual payroll which is prone to errors.	public service leads to the payment of salaries outside IPPD pending allocation issuance/reactivations of UPN.	recurred in the last three years.	inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties; 2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and	
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					provide a status update to the Auditor General within 60 days of adoption of this report; 3. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a	
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					platform for management of county human resources; and 4. the Auditor General to monitor the matter in the subsequent audit cycle.	
23.6	Non-Compliance with a Third of Basic Salary Rule	Four hundred and fourth-nine (449) officers totalling to Kshs.3,831,569 were less than the calculated one third of their respective basic pay.	The introduction of the new levies and taxes by the government i.e. affordable housing levy, NSSF & SHIF, occasioned the drop below the 1/3 rule.	The deductions of the net salaries beyond the threshold are contrary to the HR Policies. Further, the Management has not supported the response with any evidence.	1) The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate the issue of non-compliance with the two-third basic salary rule as well as comply with the	Continuous

					requirements of law; 2) The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds; and 3) The Auditor General should continue monitoring the issue in subsequent financial years.	
23.7	Employees on Acting Capacity Beyond Stipulated Period	Thirteen (13) members of staff had been appointed in acting capacity. The members of staff had acted for more than six (6) months.	The officers acted beyond six months since the county had not recruited staff to fill the substantive posts due to budgetary constraints.	Management is yet to fill the positions with substantive appointments.	1. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary	60 Days from the date of adoption of this report.

					(CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and 2. the Auditor General to	
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					monitor the matter in the subsequent audit cycle.	
23.8	Non-Compliance with Affirmative Action on Gender, Ethnicity and Regional Distribution	Four thousand and fifty-six (4,056) out of four thousand six hundred and thirty-two (4,632) were members of the dominant community.	The Kisumu County Public Service Board is an equal opportunity employer, the minority, marginalized groups, and persons with disabilities who meet the minimum requirements are encouraged to apply for any advertised position.	There was no ethnic diversity among employees of county executives as employees were mainly drawn from the dominant community in the county.	1) The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 2) The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive	Continuous

					compliance with section 65(1)(e) of County Government Act, 2012.	
23.9	Staff Recruitment	The approved staff establishment revealed that the optimum staffing level allowed for these were exceeded.	The County proposed optimal staffing numbers as per CARPS Report (2014) requires that the department of Agriculture, Livestock and Fisheries should have a total of 864 staff while department of Medical Services, Public Health and Sanitation should have a total of 2821 staff.	The response by Management does not address the issue raised.	1. The county Executive should expedite development and approval of its staff establishment and a status report should be submitted to the Auditor General for verification within sixty (60) days of the adoption of this report. 2. The county Executive submits a status report to the OAG on the progress of the audit on staff	60 Days from the date of adoption of this report.

					establishment, payroll and the County's measures to ensure compliance with the law	
24	Irregularities in Imprests Management	Unsurrendered imprests of Kshs.5,151,666 as at 30 June 2024.	Un-surrendered imprests have since been surrendered and accounted for. Internal controls will be enforced to ensure that no multiple imprests are issued.	The imprests of Kshs.5,151,666 should have been surrendered within the stipulated time.	1. The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation. 2. The Committee further	60 Days from the date of adoption of this report.

					recommends the sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.	
25	Salary Bank Account	KCB had been overdrawn up to Kshs.3,004,716,885 during the year under review.	The County entered into an indicative term sheet/ agreement together with the approval from the county assembly for early salary processing with KCB as a temporary measure taken solely to ensure the timely	The Management has not provided evidence details and authorization of any agreement between the County Executive and the Bank for the overdraft facility.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the	60 Days from the date of adoption of this report.

			payment of staff salaries.		Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
26	Unauthorized Inter-Accounts Transfers	Review of the deposit bank statement revealed that the Management transferred Kshs.7,455,150 to recurrent account. However, there was no authorization for the inter-account transfers.	The transfer of Kshs. 7,455,150 from the Deposit Account, which was a temporary borrowing to address urgent operational needs caused by cash flow constraints during the period under review.	The Management has provided evidence of the CEC, Finance indicating approval to transfer the funds on various dates of Kshs.18,724,140. However, transferred amount of Kshs.3,255,15	1.The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides	60 Days from the date of adoption of this report.

				0 and Kshs.4,200,000 are yet to be supported with authorization.	a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. 2.The Office of the Auditor General conducts a special inquiry on all bank accounts belonging to the county government, to confirm all statuses of the accounts relating to deposits and withdrawals and report to the Committee within 60 days of the adoption of this report.	
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27	Construction of Governor's Residence	The cost of construction was beyond the threshold.	The County had to inject additional funds to meet the cost of the auxiliary works.	The constructions were necessary. The Management should have sought authority from SRC.	1) The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of	60 Days from the date of adoption of this report.
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					adoption of this report; 2) The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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	REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE					
1.	Management of Hired Car Services	Kshs.4,169,800 was paid to a firm in respect of car hire. There was no documentary evidence to confirm that the transport officer approved the hiring.	Available vehicles were not in good state at the material time prompting the management to hire.	Management has not provided evidence of involvement and subsequent approval by the transport officer.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report.

2.	Lack of functional internal audit department	- Understaffing of thirteen (13) officers in the audit function. - Management has not provided evidence of implementation of the audit recommendations. - Unit reports both functionally and administratively to the accounting officer thus denying the unit independence while discharging its duties.	- The County has strategically deployed qualified personnel from within its existing workforce to support the internal audit function. - The County Treasury is committed to ensuring that all departments develop and implement comprehensive audit recommendations action plans. - The audit committee has	- The Audit Committee was appointed on 16 January 2025. - The deployment of the staff to internal audit is a temporary solution. Qualified and experienced personnel should be recruited. - Management has not provided any report on implementation of audit recommendations.	1) the county Executive expedites sufficient staffing of the audit committee to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. 2) the Salaries and Remuneration Commission (SRC) to review the compensation framework for Audit Committee members since the low sitting allowances may	60 Days from the date of adoption of this report.
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		Audit Committee did not publish an annual report.	since been appointed. The Audit Committee will be encouraged to publish an annual report assessing the independence, performance, and competence of the internal audit function		not attract seasoned professionals to the county Audit Committees.	
3.	Lack of risk management policy	Management operated without a risk management policy framework	County Executive acknowledges the lack of Risk Management Policy at the time of audit. Risk Management Policy is being developed and will be submitted for approval.	The policy is critical for identifying operational and other risks. No draft document provided to prove actual status.	1) the Accounting Officer should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same	60 Days from the date of adoption of this report.

					to the Auditor General. 2) the Auditor General to closely monitor the development, documentation and communication of these policies within the county entity in the subsequent audit cycles.	
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REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KWALE COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2023/2024.

Basis for Qualified Opinion

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
1. Inaccurate Expenditure on Acquisition of Assets	The opening balance of pending accounts payable at the beginning of the year of Kshs.268,178,249 differs with the pending bills paid during the year of Kshs. 988,846,682 resulting to variance of Kshs. 720,668,433.	The actual payment of Kshs. 988,846,682 constitute pending bills and pending commitments.	Reconciliation and update of the pending bills register to ensure accuracy and avoid omissions	- All county Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and - EACC to investigate the procurement

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				process and implementation of the 22 ICT Centres in the County. 3. Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; 4. The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				5. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; 6. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				arbitrary re-allocations out of the approved budget estimates; 7. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and 8. County governments

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.
2. Unsupported Voided Transactions	- IFMIS transactions amounting to Kshs.425,440,277 were voided. - Supporting documents including voided payment vouchers, requests to void payments, the National Treasury approval and Exchequer requisitions to	The voided transactions were as a result of Non-payment of vouchers at end of financial year which were not paid due to delays in disbursement	- Preparation of realistic plans which can be supported by the County Government budget. - The County Executive to ensure that	The OAG to audit the voided transactions amounting to Kshs. 425,440,277 and ascertain if the money was lawfully applied and deserving

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	the Controller of Budget were not provided.	of funds from National Treasury The voided payments were reported as pending bills and included in the budget for FY 2024-2025	Exchequer requisitions are done in good time Exchequer requisitions to The Office of the Controller of Budget to confirm the time the requests were made have not been attached.	beneficiaries were paid. - The OAG to recommend appropriate action arising from the audit of the voided transactions. - The CKB should give the Controller of budget visibly of the payments made on the IB system for efficient tracking and prevention of voided transactions.
3. Irregular Charge on the Cash Vote	Payments totalling to Kshs.1,315,790,267 were made on the cash vote	Payment made on cash vote due insufficient budget	The County Executive to prepare realistic	The County should set realistic budgets and carry out

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	instead of the line items as budgeted	Subsequently all these payments were expensed through various journals	budgets that can be adequately financed by available funds.	supplementary budget where necessary
4. Budgetary control and performance	- Revenue shortfall of Kshs.3,720,148,888 or 28% of the budget. - Expenditure of Kshs.9,392,698,890 against the actual receipts of Kshs.9,448,307,309 resulting to under expenditure of Kshs.55,608,419. - Constrained delivery of services to the residents of Kwale County Executive	The underfunding was as a result of late disbursement of funds from National Treasury	Management has explained the circumstances leading to under performance	The County Executive to prepare realistic budgets aligned to ability to generate and utilize funds
5. Unresolved Prior Year's Audit Matters	several issues were raised under Report on the Financial Statements and the Report on Lawfulness and Effectiveness in	Not responded		The accounting officer to ensure that all prior year audit matters are

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	Use of Public Resources. Management had not resolved the issues or provided explanation for failure to implement the recommendations.			addressed appropriately
1. Compensation of Employees 1.1. Non-compliance with the Law on Ethnic Composition in Recruitment and Overall Staff Composition	One hundred and sixteen (116) employees were recruited during the financial year out of which, one hundred and two (102) or 88% were from the dominant ethnic community in the County	Board has adopted strategies that promote diversity, equity and inclusion while adhering to legal and ethnic standards		1. The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 2. The Standing Committee on National Cohesion and Regional

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.
1.2. Failure to Meet Recruitment Thresholds for Persons with Disabilities	The County Executive recruited one hundred and sixteen (116) employees during the year. However, no persons living with disability were recruited	Applications from this group of people did not meet the minimum requisite qualification for the job advertised	Management has provided an explanation on failure to achieve the recruitment objective.	The County Executive to continuously endeavor to attract Persons Living With Disabilities to join its service
2. Irregular Payment to the Council of Governors	Kshs.4,000,000 paid to the Council of Governors for devolution conference registration expenses	Payment was based on the Resolution of Council held on 2nd May, 2023	Management has not explained the basis for the payment	The irregular payments to the Council of Governors (COG) be stopped and further

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
				recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to make the irregular contribution • The EACC to recover any further irregular contribution within 60 days of adoption of this report.
3. Lack of Ownership Documents for Construction of Early Childhood Development Education (ECDE) Centres	• Kshs.34,096,300 incurred on construction of ECDE centres • Management did not provide ownership documents for land on which the centers being constructed including title deeds, leases or memorandum of	• The process of regularizing land ownership for the twenty-nine (29) institutions highlighted in this audit is at different stages	No documents attached to support the management response as evidence of action taken and the stage of processing.	The County to fast track the processing of title deeds to safeguard the public funds so far spent on the projects.

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	understanding for use on pieces of land.			
3.1. Construction of Wholesale Market at Kombani	- contract sum of Kshs.105,911,142 and contract period ending on 2 May, 2022. - The contract sum was later varied to Kshs.118,061,980. - Terminated on 2 November, 2021 with total payments to the contractor of Kshs.95,308,265 including Kshs.9,530,826. - The payment was not supported with the final acceptance of goods, works or services delivered by the contractor before termination of the contract and final project appraisal - Field inspection of the facility carried out in the	- the Contractor moved to court to stop any operations of the market - police interference as a result of the court order. - the incidences of vandalism have been reported at the <u>Kombani police</u> station and are under active investigation	- Issue on contract variation has not been addressed - Issue on non-supporting of payment not addressed - Issue on payment of retention before termination of contract has not been addressed - Issue on Value for money has not been addressed	Management to provide funds for completion of the project in the budget to avoid loss of funds already incurred in the project

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	Month of October 2024 revealed that the market had been vandalized			
3.2. Proposed Construction of Maji Moto Eco Resort Phase III	• Kshs.22,457,225 was spent on proposed construction of Maji Moto Eco Resort. • The Department of ICT and Tourism entered into a contract for the project with a local contractor on 30 March, 2021 with a contact period of 120 days. • The contract sum was varied from Kshs.22,457,225 to Kshs.27,643,827, on 23 June, 2021 representing an increase of Kshs.5,186,602 or 23% of the contract sum. • Kshs.3,233,328 was paid under Certificate	• All payments certificate were backed up by certificate of values to show the works that were being paid • Project on-going	• Reasons for variation before 12 months had elapsed has not been responded to. • Certificate of itemized measured works has not been provided as indicated in the response • There was no evidence to show that the project is on-going	Management to provide funds for completion of the project in the budget to avoid loss of funds already incurred in the project

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	No. 6 of 16 December, 2022, which was not supported by itemized measured works. The contract period had ended on 7 August, 2021 yet as at the time of the audit in August, 2023, the contractor was still on site, without an approved extension of contract period and the project was incomplete.			
3.3. Fruit Processing Plant Phase III	- The project was implemented in phases but the master plan and the implementation plans were not provided for audit review. - Phase one of the project was	- All payments to the contractor were made based on comprehensive measurement of works - There was a valid contract extension for the project as	- Certificate of measured works has not been provided as indicated in the response - No response on monthly progress	Management to provide funds for completion of the project in the budget to avoid loss of funds already incurred in the project

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	completed in 2021, the buildings were idle and had started falling apart. • monthly progress reports were not prepared by the Project Implementation Committee • The terminated project phase was not appraised before making the final payment. • Bills of Quantities issued to second contractor differed from the original Bills of Quantities as it had the bulk store wall surface increased from 48 m2 to 487.6 m2, or a 1,016%. • Audit inspection carried out on 22 August, 2023	per the extension of contract vide letter dated 15th May 2023 • There was a supplementary budget allocation in the year under review • The project has since been re-tendered and the Contractor is on site	reports has not been provided • Request and approval of contract extension has not been provided • Issue on variation of 1,016% has not been responded to • So far value for money has not been achieved	

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	revealed that the second contractor invoiced and was paid for items worth Kshs.3,735,310 which had not been delivered or executed and Kshs 4,200,000 for material in site. The construction was not in progress and the contractor was on site, three months after the lapse of the contract period and without a valid contract extension			
3.4. Incomplete Construction of Governor's Residence	The project's estimated cost of Kshs.149,216,375 exceeded the Salaries and Remuneration Commission (SRC) set ceiling of Kshs.45,000,000, vide Circular Ref. No SRC/TS/COG/6/61/4	- At the time of guideline were issued, the county government of Kwale had already bought land through funds disbursed - Report from the office of the controller of budget on value for	- The works are still incomplete - Unutilized budgeted amount of Kshs. 11,000,000 - Issue on lack of value for	Management to provide funds for completion of the project in the budget to avoid loss of funds already incurred in the project

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	8 II of 3 May 2019, by Kshs.104,216,375. • The County unsuccessfully sought approval for ratification of the exceeded budget ceiling from SRC on 28/11/2019 citing that the contract had been entered into before the SRC guidelines • The County through letter dated 6/12/2021 to the contractor issued notice of termination of contract following the recommendation of the Director of Public Works • On 4 July, 2020 the contractor made a claim of Kshs.27,613,984, arising from, interest	money paved way for resumption of the project • the contractor made claims of Ksh 27,613,984 arising from interest on delayed payments • The County and the Contractor did an assessment of the works and resolution were made and the contractor was paid his dues	money not responded to	

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	on delayed payments of Kshs.3,669,3751 - On 10 March, 2022 the contractor wrote to the County giving early warning of a situation threatening to delay the works and or suspension of contract activities due to delay in payment of claims amounting to Kshs.27,613,984 - As at the time of audit on August, 2023, the contractor had been paid Kshs.119,789,114. - The contractor had abandoned the site - In the financial year 2023/2024, a total of Kshs.11,000,000 was allocated to the project although - no construction works were done and			

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	the contractor was not on site.			
4.5 Delays in the Construction of Twin Workshop in Mwabila Technical and Vocational Training Center	- The contract duration had expired and no request for extension had been submitted by the contractor for approval. - At the time of audit inspection in October, 2024, the project was still at 88% level of completion and one hundred and eighty (180) days past due date. - The payment made to the contractor include Kshs.250,000 for KPLC connection, however, field inspection revealed that the TVC was not	- There was an error in computing the value of wiring works - This overpayment has since been refunded by the contractor - the contractor requested for extension of the project due to financial constraints and this was approved	Management agrees with the audit observation that there was overpayment and the funds are yet to be refunded	Management to provide funds for completion of the project in the budget to avoid loss of funds already incurred in the project

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
	connected to electricity. •			
1. DORMANT BANK ACCOUNT	• balances held in (3) bank accounts of Kshs.4,254 with last transactions between May 2022, and March 2023 an indication of no activities for a prolonged period of time.	The polytechnic account was opened for receiving conditional grant for supporting vocational training centers by National Government. The grant was stopped but we have now reintroduced it this financial year.	No supporting documents have been attached to show action taken.	The County to close the dormant bank accounts within 60 days

Audit issue	Key issue	Management Response	Committee Observation	Committee Recommendations
		ASDSP is also a conditional grant account, County has initiated the closure procedures		
2. Lack of Approved County Staff Establishment	The County Government carried out various human resource functions without an approved County staff establishment to guide on the vacancies for appointments, promotions, resignations, and planning on employee development.	- The Board was using drafts of the two documents - The Board approved all the County Government organization structures on 18th November, 2024	Evidence of approval of staff establishment has not been provided.	The County Executive to have and approved County Staff Establishment within 90 days

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF LAIKIPIA COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
Unsupported Payments on the Supply of Fuel, Oil, and Lubricants	• Kshs.13, 391, 205 Spent on fuel, oil, and lubricants without supporting evidence of fuel register, detailed order, and work tickets.	• The fuel consumption support documents being; detailed orders, invoices, work tickets, and fuel registers, are hereby attached-	• The detailed order work tickets and invoices have been provided. • Summary of vehicles and consumption hasn't been done • Some vehicles reflect number plates that do not belong to the county • Pricing of fuel as observed is Kshs.24 above EPRA gazetted prices for the region	• EACC to investigate the expenditure of Kshs.13, 391, 205 spent on fuel, oil, and lubricants without supporting evidence of fuel register, detailed order, and work tickets.

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
2.1 Variance on Basic Wages for Temporary Employees	Unreconciled variance of Kshs.7,534,674 between IFMIS Payment records and the financial statements	The variance of Kshs 7,534,674 between the line item of compensation of temporary employees (Kshs 159,312,438) and the analysis of IFMIS payment details relating to the same expenditure category (Kshs 166,847,112) is a result of transactions entered in 10th July 2023 and relating to the FY 2022/23 appearing in the IFMIS payment details.	Payment vouchers, IFMIS extracts have not been provided to support the response.	All staff compensations be processed through the Integrated Payroll and Personnel Database (IPPD) system for accountability
2.2 Misclassification	Payments amounting to Kshs.35,602,667 made	County-level 4 hospitals gained	The evidence of certified financial	All staff compensations be

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
of Casual Workers' Payments	to temporary employees were misclassified as current grants hence understating the wage bill by a similar amount	financial semi-autonomy in the 2nd half of FY 2023/24 (January 2024). Vide FIF Act of 2023. - Before the semi-autonomy, hospital expenditure was incurred under the Health departmental expenditure. - The Kshs.35,602,667 was paid via the FIF CBK account to separate Hospital facilities expenditure from Health department Expenditure.	statements not provided to confirm the self-reporting aspect of these hospitals A list of these semi-autonomous hospitals not provide	processed through the Integrated Payroll and Personnel Database (IPPD) system for accountability EACC to investigate the expenditure of Kshs.35,602,667 made to temporary employees which the county could not support/ reconcile.

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
EMPHASIS OF MATTER				
Budgetary control and performance	• underfunding of Kshs.1,690,289,330 or 24% of the budget. • under-expenditure of Kshs.1,820,314,966 or 26% of the budget	The underfunding and under-expenditure of the budget were due to: • Non-disbursement of exchequer releases by the National Treasury amounting to Kshs 428,659,722. • Non-disbursement of conditional grants amounting to Kshs 629,802,964 • Under-realization of own source revenue and the coming to effect of the (F.I.F) Appropriation in		• Management should set realistic targets on their own source revenues and external funding • Improve mechanisms for debt recovery to boost their revenues • The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		Aid law which resulted in an amount of Kshs 294,793,469 Budgeted under Own source revenue but realized as A.I.A		
1. Late release of exchequer	• Kshs.423,822,066 received by the County Government from The National Treasury on 28 June, 2024. • Kshs.585,852,379 were disbursed by The National Treasury after the closure of the financial year	• Throughout the FY, the County Executive experienced substantial delays in disbursement of monthly equitable share from the National Treasury, with the month of June spilling into the next financial year having been disbursed on 28th July 2024. This impacted negatively on services delivery		• The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.
OTHER MATTER				

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
Unresolved prior-year matters	Management has indicated that some of the issues have been resolved. However, they remained unresolved as the Senate and County Assembly had not deliberated on the same.	The County Executive has always endeavored to resolve prior year issues and enhance prudent utilization of public funds and service delivery. We hope that the Senate will soon deliberate on all County Executive Management Responses and give further direction.	Management to follow up on senate recommendations and implementation of prior year matters	The Audit committee of the County should address all the issues on a timely basis as they await Senate recommendations.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
2.0 Compensation of Employees				
2.1 Over-Expenditure on Temporary	Paid wages exceeded the approved budget by Kshs.17,317,623	The variance of Kshs 7,534,674 between the line item of compensation of temporary	Management should spend within the approved budget or where necessary do a	Management should spend within the approved budget or where necessary do a

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
Employees' Wages		employees (Kshs 159,312,438) and the analysis of IFMIS payment details relating to the same expenditure category (Kshs 166,847,112) is as a result of reclassification of expenditure relating to Hospitals' casual workers.	supplementary budget	supplementary budget • EACC to investigate the over expenditure of Kshs.17,317,623 spend on employees wages.
2.2 Non-Compliance with the Law on Fiscal Responsibility on Wage Bill	The wage bill is 20% above the PFM Act recommended of 35%	• The County Government inherited a bloated wage bill from Former Local authorities and the National Government. E.g., devolved departments of Trade, Infrastructure, Agriculture and Health.	• The effort the management is putting in place to reduce the wage bill inadequate • 55% wage bill is too high. Management should reduce the wage bill to acceptable levels •	• That the County Executive strictly adhere to the provision of paragraph 25(1)(b) of the PFM Act (county government) regulations, 2015 which stipulate that the county wage bill should not exceed 35 percent of the county total revenue. • The management develops

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		- Nanyuki and Nyahururu Hospitals serve other counties hence the high wage bill - Trying to downsize		and updates its staff establishment and ensures that all staff compensations are processed through the IPPD system for accountability That the County Executive provide to the Auditor General the measures put in place to contain the county higher wage bill within sixty (60) days from the adoption of this report.
2.3 Non-Compliance with a Third of Basic Salary Rule	Seven hundred and thirty-three (733) employees earned net salaries of less than a third (1/3) of their basic salary	Affordable Housing Levy (AHL) introduced in 2023 (and further operationalized in 2024 by the Act and Regulations) caused these	Affordable housing levy led to deductions to below a third of the basic salaries. However, the staff had other payslip deductions that were not statutory- and could be	Management to comply with Section 19(3) of the Employment Act, 2007 which states that the total amount of deduction from the wages of an employee shall not exceed two-thirds (2/3) of such wages

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		salaries to go below a third for employees who already had existing payslips commitments • Management to ensure all employees are left with at least a third of their basic pay as they arrange to settle their extra obligations outside payroll	settled outside the payslip	
2.4 Non-Compliance with Regulation and Guidelines on Acting Positions	• Management paid two (2) of its staff members acting allowance for eleven (11) months against regulations on acting appointments	• The management is in the process of addressing the issue of the two acting appointments in the cause of FY 2024/2025. Advertisement of the jobs has been done to		• Management should comply with Section C.14(1) of the Public Service Commission, Human Resource Policies and Procedures Manual for the Public Service

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		facilitate filling of those positions by April 2025		of 2016 C.14 (1) which states that acting allowance will not be payable to an officer for more than six (6) months.
2.5 Non-Compliance to the Law on Ethnic Composition	- Seventy-one (71%) of employees were from the dominant ethnic community in the County. - Further the Management had a total of seventeen (17) directors out of which fourteen (14) or 82.4% were from the dominant Community	- This issue of Ethnic diversity is a historical issue, where the bulk of the staff establishment was inherited from the defunct local authorities & other devolved functions from the National Government - This scenario cannot be rectified instantly - Deliberate measures are being implemented by the County Public	Management is in agreement with the audit observation	Management to comply with Section 7 (2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one-third of its staff from the same ethnic community. Further, the County Governments Act provides that not more than 70% of officers recruited at entry level shall be from the dominant

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		Service Board toward achieving the right balance progressively during the current recruitment		community in a County
3.0 Irregularities in the Procurement and Delivery of Dialysis Equipment	• Kshs. 96,297,500 spent for the supply of ten (10) dialysis beds, ten (10) dialysis machines, one (1) water treatment plant to Nyahururu Level 4 Hospital and five (5) dialysis beds and five (5) dialysis machines to Nanyuki Teaching and Referral Hospital • Nyahururu- 2 beds were faulty (returned to the supplier) and one broke down with no replacement • Nanyuki- 2 sets of dialysis beds and machines were not delivered	• The dialysis machines and beds (10 for Nyahururu County Referral Hospital; 5 for Nanyuki Teaching and Referral Hospital; and 1 Water Treatment Plant for Nyahururu CRH) are available and in use at the hospital. All the Renal Dialysis machines are in good working condition	• Evidence on the delivery of the two repaired-faulty beds and replacement of the broken one in Nyahururu hospital not provided • The two sets that were missing in Nanyuki Hospital, no evidence to confirm that the were finally delivered	• Management should always ensure that value for money is achieved in the procurement exercise • EACC to investigate on the tendering process with the tender sum of Kshs. 96,297,500 spent for the supply of ten (10) dialysis beds, ten (10) dialysis machines, one (1) water treatment plant to Nyahururu Level 4 Hospital and five (5) dialysis beds and five (5) dialysis machines to Nanyuki Teaching and Referral Hospital

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
	inspection and acceptance committee certificate, signed professional opinion, and approved user requisition were not provided for audit			
6.0 Irregular Payment to the Council of Governors	Management made payments totaling Kshs.3,000,000 to the Council of Governors irregularly	- The Council of Governor's legal fee contribution was indeed budgeted - The County Government paid the legal fees upon invoicing by the Council of Governors.	The Management attention should be drawn to Section 37(b) of the Intergovernmental Relations Act, 2012 which provides that the operational expenses in respect of the Council of Governors is provided for in the annual estimates of the revenue and expenditure of the National Government	- The County Executive should stop payment of subscription fees to the Council of Governors. - The Management attention should be drawn to Section 37(b) of the Intergovernmental Relations Act, 2012 which provides that the operational expenses in respect of the Council of Governors is provided for in the annual estimates of the revenue and expenditure of the

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
				National Government
7.0 Irregular Payment of Allowances to Laikipia County Administration Police Welfare Account	• Kshs.6,529,320 for allowances and PAYE deductions paid to administration police officers assigned to the County Executive premises and the Governor's residences • paid directly to the Laikipia County Administration Police Welfare Account instead of The National Treasury	• The reason why the allowances were channeled through the Laikipia County Administration Police Welfare Account instead of The National Treasury are contained in the attached request letter from the administration police service dated 23rd march 2023. See Annex 8	• request letter from the administration police service dated 23rd March 2023 at annex 8 does not supersede the National Police Service Act	• Management should adhere to Section 104(3) of the National Police Service (Amendment) Act, 2014 stipulates that any payment for the private use of police services must be remitted to the Treasury.
8.0 Unsupported Expenditure on the Supply and Delivery of Tyres	• Kshs.6,859,203 for the supply and delivery of tyres. • not supported by motor vehicle maintenance logbooks showing repairs, driver defects reports, and pre-and	• The documents supporting the payment of Kshs 6,859,203 are hereby attached. See Annex 9 (a) to 9 (t).	• Kshs.2,517,500 has been supported with requisitions and payment vouchers • Kshs.4,341,703 not supported	• EACC to investigate the unsupported expenditure of Kshs.4,341,703 and establish ownership of motor vehicles with private registration plates

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
	post-repair inspection reports.		Some motor vehicles have registrations not for the County Government	
9. Pending Bills Not Paid as First Charge	- pending bills totalling Kshs.2,018,917,691 were meant to be paid as a first charge in financial year 2023/2024 but were still outstanding as at 30 June 2024 - Some of these payables date back to the year 2015	- Kshs 838,560,677 was settled in the year 2023/2024 - due to resource constraints, coupled with delayed disbursement of Equitable Share by the National Treasury, we were not able to clear all of them - We will continue adhering the legal requirements while settling the bills.	- Management should come up with a policy on how to clear pending bills particularly those incurred ten years ago - Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 should be adhered to Asset Disposal Regulations, 2020 and Executive Order No. 2 of 2018,	- The County Government pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and - pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
			Part IV (B), which mandated	plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; • The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; ○ County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
				Management (County Governments) Regulations; ○ Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; ○ County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and ○ County governments shall conduct public participation while

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
				formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets
12.0 Failure to Operate Fully on the E-Procurement Platform	Some procurement of goods works, and services was conducted manually. The requisition, approval of requisitions, tendering, issuance of purchase orders, and invoicing for goods and services were processed manually	- The procurement was undertaken outside IFMIS due to system downtime experienced during the period of procurement. - the frequent changes / upgrade effected in the system without corresponding training	Management to comply with Regulation 49(2) of the Public Procurement and	Management to comply with Regulation 49(2) of the Public Procurement and
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1.0 Internal Audit Function and the Audit Committee				
a) Ineffectiv	The department lacked financial and	For the FY 2023/2024 the	Kshs.3,000,000 for audit	

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
e Internal Audit Department	functional independence due to insufficient budget allocation • The department underperformed. • Audit plans and programs did not cover critical areas such as hospitals, revenue collection, and verification of infrastructural projects	directorate had an independent budgetary allocation of Kshs 5,000,000 which was deemed adequate to enable it to accomplish the planned activities notwithstanding the current cash flow constraints that are beyond the control of the County Executive.	operations for a whole year is inadequate • Internal Audit is vital for the effectiveness of internal control, risk management, and improved governance.	• management should strengthen the audit function by recruiting adequate staff and allocating sufficient budget
b) Action on Internal and External Audit Reports by the Audit Committee	• The internal audit presented six audit reports. However, none of these reports were discussed by the audit committee and resolved. • The Auditor General issued reports for the year 2022/2023 for eight (8) funds, the	• The 15 reports tabulated above were presented in the two Audit Committee meetings held during the financial year for deliberation and further consideration. For an extract of	• During the audit fieldwork only six reports were presented relating to the 2023/2024 FY • Annex13 does not include the action of the audit committee on the discussion and	• Audit committee to carry on its gazetted functions and as provided for in the PFM Act 2012

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
	receiver of revenue, revenue board, county revenue fund, county corporation, and the County executive financial statements but none had been discussed by the audit committee	Minutes, See Annex 13 (b) and 13 (c).	resolution of the auditor's reports	
2. Payment of Staff Outside the Integrated Personnel and Payroll Database (IPPD)	• Management paid Kshs.159,312,438 to employees outside the IPPD system through a manual payroll system • Management made a further Kshs.35,602,667 to casual workers in various hospitals under current grants	• The manual payroll system majorly contains employees who are employed on three-months contracts. • Due to their nature of employment, it was not possible to put them in the IPPD system. • The management has now decided to	• Annex 14 reflects the new payroll system and new payroll numbers. • This will be kept as data for verification in this year's audit cycle. • Manual payroll is subject to manipulation and errors. Management should discourage the use of manual payroll	That the management should process and pay all employees using the IPPD system for accountability and that the OAG should review the matter in the subsequent audit cycle.

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		give them a longer contract. The ECDE teachers and other staff have been integrated into IPPD.		
3.0 Weakness in Management of Fixed Assets				
3.1 Lack of Land and Buildings' Register	- The register of land and buildings was not maintained - They did not record each parcel of land concerning the conveyance, address, area, dates of acquisition, disposal or major change in use, leasehold terms, etc	- The Management is committed to ensuring they have a comprehensive Assets Register in compliance with IPSAS 17 and other legal requirements. - The management in collaboration with IGRTC and the Ministry of Lands on		Management should do develop and maintain an updated asset register

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
		February 2024 composed a County Assets Valuation committee to carry out inspection and valuation for fixed assets. .		
3.2 Failure to Tag Assets	Assets were not tagged as a mechanism of tracking them and the Management had not established policies and procedures on assets management	- The County executive has developed a draft Assets and Liabilities Management policy. - The draft policy is in the process of being finalized and when approved it will provide guidelines and procedures on assets tagging and tracking	- Development policy is a work in progress - The draft policy has not been provided for confirmation	Management should tag its assets
3.3 Non-disposal of	Defective and unserviceable motor	The County Executive was not	No evidence has been provided to	Management to provide evidence of

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
Obsolete and Unserviceable Assets	vehicles have been grounded in parking yards in the County for a considerable time	able to dispose of the defective and unserviceable motor vehicles since the Logbooks were still held by the parent ministry. • The national government through the IGRTC concluded the valuation exercise and transferred Logbooks for GK Motor vehicles on 3rd May 2024. • The County Executive has so far initiated the disposal of defective, unserviceable, and expensively serviceable motor vehicles.	confirm the transfer of ownership • No evidence to confirm that the process of disposing of these motor vehicles has started	having transferred ownership of these obsolete assets and initiated a process of disposing of the same within sixty days
3.4 Doubtful Ownership of Assets	• Management did not provide for audit, ownership documents	• The ownership documents for motor vehicles		• Management to provide the

Audit Query	Concern	Management Response	Committee Observations	Committee Recommendation
	for motor vehicles, land, and buildings.	that were not availed are still held in custody by the banks and the process of retrieving them back is still in progress. For fixed assets, the Valuation and transfer process has not yet been concluded.		ownership documents • Management should develop and maintain an updated asset register
3.5 Failure to Maintain Asset Register in the Prescribed Format	• The asset register maintained was not prepared in a format whose minimum requirements are; Identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value.	• The County Treasury through the directorate of Assets and Liabilities Management has trained and sensitized the officers responsible on the preparation of assets registers in the prescribed format by IPSAS 17.		• Management should develop and maintain an updated asset register

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF LAMU COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2023/2024.

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No.	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
REPORT ON FINANCIAL STATEMENTS						
1	Inconsistencies and Inaccuracies in the Financial Statements	unexplained variances between IFMIS and Statement of Assets and liabilities •unexplained variances between the statement of cashflows and IFMIS records	The Management noted the audit observation regarding the variance, we are conducting a thorough review to pinpoint the specific modules that were not functioning properly. Management is currently undertaking a comprehensive system reconciliation to	The review is being conducted, but the reconciliation has not yet been done.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management	60 Days from the date of adoption of this report.

			address these discrepancies		Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
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					3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
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						4. The Committee advised the Head of Treasury to be diligent and adhere to provided accounting standards.	
2	Inaccurate Cash and Equivalents Balance	Cash Cash	The balance includes Kshs.286,853,571 held in eight (8) bank accounts relating to fuel levy, conditional grants and special purpose accounts all of which are self-reporting and prepare separate financial statements.	It should be noted that the amount Kshs.211,568,695.00 was properly disclosed by the Executive as reported in the Financial Year 2023/2024. -An amount of Kes 2,587,751.00 belonging to Lamu Municipality and Kshs.72,697,125 belonging to Climate Change was disclosed by the executive due to	The inclusion of self-reporting entities distorts the accuracy of reported cash and cash equivalents for the executive.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to	60 Days from the date of adoption of this report.

			shared budget operations between the 2 entities.		the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
3	Long Outstanding Deposits and Retentions Balance.	• The balance of Kshs.7,637,597 relate to long	• The management is actively working on resolving these issues	The issues have not yet been resolved, and the	3. All County Governments pay verified pending bills	60 Days from the date of adoption

		outstanding gratuity for over three (3) years. • Further, the retention registers and list of persons whose gratuity amounts are outstanding submitted, reflects a balance of Kshs.115,838,156 resulting to unexplained variance of Kshs.15,113,149.	and clearing the pending balances once the contracts are completed and the necessary obligations are fulfilled.	pending balances have not been cleared.	amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and	of this report.
15	Failure to Clear Long Outstanding Pending Bills	Kshs.39,534,564 relate to pending bill balance outstanding as at 30 June, 2023 and which should have been paid as a first charge in line with provisions of	The balance of the pending bills that have not been paid due to their ineligibility. The ineligibility stems primarily from missing or incomplete documentation, which has prevented the necessary verification	The county is settling pending bills on a first-in, first-out basis and the first charge with respect to exchequer releases and	4. That- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015,	

		Regulation 41 (2) of the Public Finance Management (County Governments) Regulations, 2015	and processing of these bills.	collection of its own source revenue.	County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;	
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					ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurements plans
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					pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations ; iv. Supplement ary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved	
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					budget estimates; v. County government s, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and	
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					vi. County government shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
EMPHASIS OF MATTER						
1	Budgetary Control and Performance	The statement of comparative budget and actual amounts reflects under-funding of	To address these challenges, the county will enhance engagement with the National Treasury for	There was under-utilization of appropriated funds by the	1. The National Treasury should ensure timely release of funds to county	Continuous

		Kshs.481,764,975 or 12% of the budget and under-performance of Kshs.730,770,218 or 18% of the budget.	timely disbursements, improve financial planning, and align project execution with fund availability. Furthermore, continuous training and capacity building for suppliers will be conducted to strengthen their ability to meet procurement requirements and improve efficiency in service delivery.	County Executive as a result of delay in exchequer releases by The National Treasury.	governments in line with the cash disbursement schedules approved by the Senate. 2. The County executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls.	
2	Late Exchequer Releases	Review of the CRF bank statement revealed receipts totalling	There was a late disbursement of funds by the National Treasury. This adversely affected the	The Committee noted that the County Executive	1. The National Treasury should ensure the timely release of funds to	Continuo us

		Kshs.716,219,255 were received near or after the closure of the financial year.	utilization of funds and impacted negatively on the service delivery to the residents of Lamu County.	experienced delayed exchequer releases by the National Treasury thereby hampering their budget implementation.	county governments in line with the cash disbursement schedules approved by the Senate. 2. The county Executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.	
Other Matter						
1	Unresolved Prior Year Matters	Although the Management has indicated that some of the issues have been Addressed and	The Management provided resolutions and recommendation on the Not Addressed matter as at 30 th June 2024	The committee noted that Various prior-year audit issues	County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues	60 Days from the date of adoption of this report.

		mechanisms put in place to resolve those outstanding, evidence of resolution has not been provided as a result of which the matters remained Not Addressed as at 30 June, 2024.		remained unresolved as of 30 June 2024	raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	
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REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1. Compensation of Employees

1.1	Failure to Adhere to Fiscal Responsibility Principles	The budget on compensation of employees was 39% contrary to Section 107 (2) (c) of the Public Finance Management Act, 2012 which provide that the County Government's	The salary review implementation, as recommended by SRC, was never accompanied by additional allocation from the Commission of Revenue Allocation (CRA) to County Governments.	Increase in wage bill ratio due to salary increment without subsequent increase in allocations.	1. The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that	Continuous
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		expenditure for its public officers shall not exceed a percentage of the County Governments total revenue	• All County employees thus received a salary increment without a subsequent increase in allocations for employee emoluments, contributing to the increase in the wage bill ratio.		the county wage bill shall not exceed 35 per cent of the county total revenue. 2. The county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap; and 3. The management of the concerned entities should provide to the Auditor General a status report of measures put in place to contain the high wage	
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					bill within sixty (60) days of the adoption of this report.	
1.2	Payment of Salaries Outside the Integrated Personnel and Payroll Database (IPPD)	Management processed and paid salaries to staff outside the IPPD payroll system which Management acknowledge is due to delay by Directorate of Public Service Management (DPM) to issue new personal numbers upon request by the County.	- To obtain new personal numbers, the County makes a formal written request to the DPM for the allocation of personal numbers. - This process takes between three weeks to about three months. - To avoid salary delays for staff, we process manual payrolls so they do not miss their salaries while waiting for their numbers.	The Committee noted that the County executive is still making payments of salaries for some of its employees outside the Integrated Personnel and Payroll Database (IPPD) System.	1. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management	60 days from the date of adoption of this report

					system to be used by counties; 2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report; 3. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and	
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					Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and 4. the Auditor General to monitor the matter in the subsequent audit cycle.	
1.4	Non-Compliance with Law on Mandatory Retirement Age	Review of the Integrated Payroll and Personnel	According to the Public Service Regulations, 2020, Section 70, subsection	The rare skills possessed by re-engaged staff are not	The Committee recommends that the County Executive strictly	60 days from the date of adoption

		Database (IPPD), June 2024 Payroll, revealed that four (4) officers who had attained the mandatory retirement age of sixty (60) years were still in service as at 30 June, 2024	(6), an officer may be re-engaged in a term of office after retirement if they possess rare knowledge, skills, or competencies. In this context, "rare knowledge, skills, and competencies" refer to those that are scarce, unique, and not readily available in the job market.	indicated or provided.	adheres to section 80(1) of the Public Service Commission Act, 2017, and Section D.21 of the Public Service Commission Human Resource Policies and Procedure Manual, 2016 by ensuring that all officers retire at the mandatory age of 60 years (65 for persons with disabilities) and prohibiting extensions beyond this age unless under exceptional government-prescribed circumstances and provide a status update to the	of this report
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					Office of the Auditor General within sixty (60) days.	
2	Irregular Procurement of Fuel, Oil and Lubricants.	• Payments totalling Kshs.81,594,900 in respect of fuel, oil and lubricants procured by use of quotations by the various departments. The payments were made to only two (2) companies of the thirty-nine (39) prequalified suppliers under the category contrary to Regulation 91 (5) of the Public Procurement and Asset Disposals	• Given Lamu County's unique geographical location, the selection of service providers was guided by operational requirements. Specifically, the suppliers needed the capacity to supply fuel, oil, and lubricants to boats operating at sea and vehicles operating in Lamu and in major towns such as Malindi, Mombasa, and Nairobi. Key considerations included the availability of mobile pumping stations at sea to enable boat captains	The County's unique geographical location not supported by request for exception from the Public Procurement and Asset Disposals Regulations, 2020	1. The Ethics and Anti-Corruption Commission causes an investigation of the tender and procurement process with a view to identifying the irregularities in the process and cause prosecution of the culpable officers and provide a status report of the investigation to the Office of the Auditor	60 days from the date of adoption of this report

		Regulations, 2020	to access fuel conveniently and the ability to refuel vehicles operating in major towns efficiently.		General and the Senate within 90 days of adoption of this report. 2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their	
3	Irregular Procurement of Food Stuffs	• Payments totalling Kshs.15,708,279 was in respect of purchase of food stuffs. The food stuffs were procured by the various hospitals through use of quotations. • However, evidence that the entities have been registered as procuring entities and have a procurement function was not provided	• Due to the unique geography of Lamu, food prices vary significantly within the areas where the hospitals are located. Therefore, procurements were done separately for each respective hospital • section 7(1)(e) of the Lamu County Health Facility Improvement Financing Act, 2023 establishes public health facilities as procurement entities.	Exception by PPRA for Lamu due to unique geography not provided.		

		contrary to Regulation 54	The procurements were all carried out on the IFMIS e-procurement module by the County Department of Health.		professional duties which constitutes a professional misconduct.	
4	Irregular Procurement of Consultancy Services	The approved procurement plan was not specific on which projects were to be pursued in that financial year, the terms of reference of guiding the procurement did not specify the deliverables and basis of partial acceptance and an inspection and acceptance certificate in support of a	- The subject procured were all consolidated in the plan as contracted technical services and cadastral land surveys as given in the item codes with subsequent integration with the department vote book. - This approach ensures alignment with the standardized format while providing sufficient clarity on the planned consultancy services.	The subject procured were all consolidated, but the regulation allowing such consolidation was not cited.	1. The Ethics and Anti-Corruption Commission causes an investigation of the tender and procurement process with a view to identifying the irregularities in the process and cause prosecution of the culpable officers and provide a status report of the	60 days from the date of adoption of this report

		payments were not provided contrary to the provisions of Section 53 (1) of the Public Procurement and Asset Disposal Act, 2015			investigation to the Office of the Auditor General and the Senate within 90 days of adoption of this report. 2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross	
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					negligence in the conduct of their professional duties which constitutes a professional misconduct.	
5	Irregular Payment of Subscription Fees to County Public Service Board (CSPB) National Consultative Forum	Kshs.597,000 was paid to CSPB National Consultative Forum being annual subscription. However, the authority upon which the payment was made has not been provided contrary to Section 149 (1) of the Public Finance	- As stipulated in the forum's governing documents, including its Constitution and Articles of Association, member Counties are legally obligated to pay annual subscription fees. - The Kshs. 597,000 payment represents the required annual membership fee, enabling the County Public Service Board to benefit from professional	The consultative forum is not indicated as a professional body.	1. The irregular payments to the County Public Service Board (CSPB) National Consultative Forum be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who	60 days from the date of adoption of this report

		Management Act, 2012	development, policy harmonization and National representation		continues to make the irregular contribution. 2. The EACC to recover any further irregular contribution within 60 days of adoption of this report.	
6	Irregular Payments to Council of Governors and Frontier Counties	Payment of Kshs.4,000,000 was made to the Council of Governors and the Frontier Counties Development Council Limited each of which received Kshs.2,000,000 for subscription fees contrary to	- The Council of Governors made a resolution on 6th October 2022 that Counties shall pay subscription fees to enable the Council of Governor's operations - To support the operations of FCDC, a secretariat was formed and an office was established at Nairobi and is managed by a CEO. The 7 Counties	The Committee observed that the payments to the Council of Governors (COG) were not supported by any law.	1. The irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to	60 days from the date of adoption of this report

		Section 37 of the Intergovernmental Relations Act, 2012	pay subscription fees to finance the operations of the office of the FCDC.		make the irregular contribution. 2. The EACC to recover any further irregular contribution within 60 days of adoption of this report.	
7	Payments Outside the Mandate of the County Government	Other grants and transfers which includes Kshs.126,977,782 in respect of scholarships and other educational benefits which are grant transfer for the purpose of issuance of bursary and scholars. However, contrary to the fourth Schedule (Article 185 (2),	The County Government of Lamu established a special fund to support learner's access to education through the Lamu County Bursary Fund Act, 2019, by the County Assembly of Lamu to provide for the establishment of Bursary Fund. The fund is to be used to assist students to obtain an education at recognized institutions and for matters	The county was undertaking projects meant for the National government as outlined in the Fourth Schedule of the Constitution	County Executive to adhere to the provisions of Article 186(1) of the Constitution of Kenya as read together with the Fourth Schedule to the Constitution.	Continuous

		186 (1) and 187 (2)) on distribution of functions between the National Government and the County Governments,	incidental thereto and connected therewith			
9.1	Delayed Road Construction Project	Kshs.10,501355 was paid to a local contractor for cabro paving of access road at Mpektoni Market whose contract sum was Kshs.11,701,962. The physical verification exercise revealed that the access road projects were not completed as required and the	The works were completed as per the attached certificate of completion dated 24th of October, 2024. The access road to the market is operational and currently in use.	The access road to the market is operational and currently in use and to be verified during 2024/2025 audit cycle.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for	60 days from the date of adoption of this report

		contractor had left the site.			money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;	
9.2 (a)	Delay in Completion of Pipeline Extension Works at Mokowe	Payments totalling Kshs.14,793,542 were made in respect to construction of Mokowe pipeline extension works. However, a project verification revealed that the project is not complete and the contractor was not on site.	The Mokowe Pipeline Extension Project was completed and in use	Completion certificates were provided and to be verified during 2024/2025 audit cycle.	2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status	
9.2 (b)	Dormant Manda Yawi-Raskitau Water Project	Management engaged a local company in respect to Manda Yawi-Raskitau Water Project at a negotiated cost of	Manda Yawi-Raskitau water project is now operational and in use.	Completion photos were provided and to be verified during 2024/2025 audit cycle.		

		Kshs.14,978,117. a project verification revealed that the project was not operational, and had not served its intended purpose			update to the Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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9.3	Delay in the Construction of the Governor's Residence	Kshs.13,499,920.50 was paid to a construction company in respect to construction of the Governor's Residence. Audit inspection of the project done on 7 October, 2024 revealed that the project is still not complete.	- In December 2023, floods damaged a section of the road to Lamu near Gamba police station, rendering the road impassible. This delayed the delivery of materials, impacting project timelines. The project implementation team has since been conducting site visits - Despite these challenges, management reached out to the contractor on 7 August 2024 through a letter reference	To be verified during 2024/2025 audit cycle		
			CGL/PSMA/PW150/VOL. 1/6, to inquire about the delay in completing the Governor's residence, especially since the contract had already been extended			

9.4	Stalled Construction of Lamu County Headquarters	As previously reported, Management entered into contract to construct the County Headquarters at Mokowe on 24 June, 2019 at a contract sum of Kshs.126,823,550. Management did not provide budget estimates for implementation of the project during the and no additional funding to the project was received from the National Government	To date, the County Government has fulfilled 84% of its obligation by paying KES 31,987,330, leaving a balance of KES 6,059,735 (16%). However, the State Department of Public Works has only contributed KES 23,239,232.50, which is 26% of its obligation, leaving a significant balance of KES 65,537,252.50 (74%). The delays in fund disbursement by the State Department have severely hampered the project's implementation	To be verified during 2024/2025 audit cycle		
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9.5	Delay in Completion of Faza Sub-County Headquarters	Kshs.48,365,894 was paid to a contractor in respect of construction of the Faza Sub-County Headquarters. However, a field verification done on 7 October, 2024 revealed the project was not complete.	The Management acknowledge that the building has not been completed yet. This is due to the delayed disbursement of funds from the State Department of Public Works. Counties have made follow-ups through IBEC and the intergovernmental relations committee on the disbursement of the balances and a resolution was made that the National Treasury shall remit the balances directly to County Governments.	To be verified during 2024/2025 audit cycle		
13	Project Implementation Status on Acquisition of Assets	The project implementation status indicates that one hundred and forty-six (146) projects worth Kshs.790,262,423 were implemented out	A list of 40 projects were indicated as not initiated which is not entirely correct as some of the projects had already been completed at the closure of FY 2023-2024 and only payment was awaiting. A detailed list of	To be verified during 2024/2025 audit cycle		

		of the one hundred and eighty-six (186) projects planned to be implemented worth Kshs.1,422,550,007	the 40 projects indicated as not initiated is tabulated.			
11	Failure to Update Fixed Assets Register	A review of the assets' register revealed unexplained variances between asset balances and corresponding disclosure in the summary. Also, the County owns twenty (20) parcels of land which County has not obtained the ownership	Under note 17 of the Financial Statement there are several sub-items that cannot be categorized and captured as Fixed Assets as they do not meet the criteria for recognition under accounting standards. The discrepancy of KES. 442,521,976	1) the County Executive lacked an updated Fixed Asset Register; and 2) the county government lacked ownership documents for some of its assets and properties.	1. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting	60 Days from the date of adoption of this report

					and provide a status update to the OAG within 60 days of adoption of this report;
					2. County should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of

					this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
12	Non-Compliance with the Law on the Establishment of the Office of County Attorney	Management has not appointed the County Attorney and other officers	The County is currently in the process of operationalizing this Office by ensuring the staffing requirements are met. In its efforts to comply with Section 4 of the County Attorney Act, 2020, the County Government of Lamu has employed the following staff in the County Attorney's office:	The County Government has not established the Office of the County Attorney pursuant to the Office of the County Attorney Act, 2020.	The County Executive establish and utilizes the Office of the County Attorney to provide legal advice and court representation. The county should provide evidence of compliance with the County Attorneys Act	60 Days from the date of adoption of this report

					within 60 days of the adoption of this report.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
1	Under-Staffed/Dysfunctional Internal Audit Unit	The audit department should have eight (8) officers headed by head of internal audit. However, the department has only two (2) officers headed by internal auditor who has been in acting capacity	The need to control the wage bill as a county has been a significant factor in our inability to adequately resource our Internal Audit. Despite this, the Audit Unit has sufficiently addressed the audit needs within the County, with only a few exceptions, such as the case you pointed out.	The Internal Audit Department lacked staff capacity at the time of the audit	1. The county Executive expedites sufficient staffing of the audit committee to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.	60 Days from the date of adoption of this report

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MACHAKOS COUNTY EXECUTIVE
FOR THE FINANCIAL YEAR 2023/2024**

Basis for Qualified Opinion

N o	Audit Query	Audit Findings	Management Responses	Committee Observation s	Committee Recommendations	Timeline
1	Inaccuracies in the Financial Statements	The statement of receipts and payments and as disclosed in Note 1 and Note 2 reflects total receipts of Kshs.11,417,314,882 while the statement of comparison of budget and actual amounts (recurrent and development) reflects an amount of Kshs.13,022,775,225 net of opening bank balance resulting to an	The amount in variance of Ksh.1,605,460,343 relates to Own Source Revenue (OSR) for Fy.2023/2024.The figure was reported separately in our Receiver of Revenue (ROR) Financial Reports for Fy.2023/2024.However, the management amended the financial statements under “Note one (1)- Transfer from CRF” and “statements of Receipts and	There were significant weaknesses in the preparation of financial reporting documentation by the County Executive.	1. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report. 2. The Office of the Auditor General should progressively review and report on the	60 days from the date of adoption of this report

		unexplained variance of Kshs.1,605,460,343. In the circumstances, the accuracy and completeness of the receipts totalling Kshs.11,417,314,882 as reflected in the financial statements could not be confirmed	payments” to capture Ksh.1,605,460,343. Therefore, the statement of comparison of budget and actual amounts (recurrent and development) and statement of receipts and payments have been reconciled. Attached, find the amended financial statement Fy.2023/2024 for audit review.		matter in the subsequent Financial Years.	
2	Variances Between Financial Statements and IFMIS Payment Details	The statement of receipts and payments and as disclosed in Note 4 reflects use of goods and services amount of Kshs.2,403,653,567. Review of the itemized	The management has initiated the exercise of reconciling variances between our manual financial statements- Fy.2023/2024 and IFMIS ledgers. So far, the County has made to reconcile two of the	There were significant weaknesses in the preparation of financial reporting documentation by the	1. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National	60 days from the date of adoption of this report

		expenditure items revealed that the amounts were at variance with the Integrated Financial Management Information System (IFMIS) as follows; Management explained its intention to contact The National Treasury for reconciliation. However, the reconciliation had not been performed as at the time of the audit in November 2024. In the circumstances, the accuracy and completeness of use of goods and	five items (Foreign Travel and Subsistence-ksh.82,755,658 and Printing, Advertising and Information supplies-Kshs. 43,062,783). The other three items will be finalized in due course. Attached, find IFMIS Generated-Notes-to financial statements (County Ledgers) and Trial balance for audit review.	County Executive.	Treasury within 60 days of adoption of this report. 2. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
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		services totaling Kshs.2,403,653,567 could not be confirmed.				
3	Other Grants and Transfers	The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflect other grants and transfers of Kshs.1,297,110,941 which includes an amount of Kshs.195,350,986 for fertilizer subsidy program. However, the amount was deducted at source and utilized in the fertilizer subsidy which was a program run by the National Government and no	The fertilizer subsidy program involved the National Government providing and selling subsidized fertilizer to Kenyan farmers (Machakos included) through government-run distribution channels. The amount of Ksh.195,350,986 was budgeted in Fy.2023/24 and as per The County Governments Additional Allocations Act, 2024 (see page 9) passed by the National Assembly and Gazetted. However, the amount was	The management deducted Kshs 195,350,986 at the source; however, no supporting documents were provided to verify the county farmers who benefited from the subsidized fertilizer	1. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who failed to provide the documents to the auditors and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and 2. the OAG keeps the matter in view in the subsequent audit cycle to ascertain the	60 days from the date of adoption of this report

		actual funds were received in the County Revenue Fund account. In the circumstances, the accuracy of other grants and transfers of Kshs.1,297,110,941 could not be confirmed.	deducted from the source (National Treasury) on behalf of the Ministry of Agriculture-National Government. Therefore, the management had to pass contra-entry by recognizing the amount of Ksh.195,350,986 as part of our revenue (miscellaneous receipts) and at the same time expense it in entirely under note 7 of the statement of receipts and payments although we did not have supporting documents worth Ksh.195,350,986 Attached, find the County Governments Additional Allocations		status of the Fund.	
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			bill no.23 of 2023 document for audit review			
4	Transfers to Other Government Units	The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflect transfers to other Government units of Kshs.702,941,313 which includes an amount of Kshs.421,241,713 for climate change. However, review of bank statements revealed that the actual amount received in the Climate Change Program bank account amounted to	The management amended the financial statements for Fy.2023/2024 under Note 6- "Transfer to Other government entities" to correct the unexplained variance. The financial statements reflect the actual amount ksh.298,237,417 received in Fy.2023/2024. The amount reported of Ksh.298,237,417 is as per the cut-off date 30 th June 2024. Attached, find an extract of the re-submitted amended financial statements-	The management could not confirm the accuracy of transfers to other government units amounting to Kshs. 702,941,313.	1. the County adheres to Section 116(8) of the Public Finance Management Act, 2012 2. the Senate should expedite legal frameworks to provide for the County Assembly's financial autonomy to strengthen the Assembly's oversight, representation and legislation roles. 3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	60 days from the date of adoption of this report

		Kshs.298,237,417 resulting to an unexplained variance of Kshs.123,004,296. Management indicated that the financial statements have been amended to reflect the correct amount. However, no amendment was done to the financial statements. In the circumstances, the accuracy of transfers to other Government units of Kshs.702,941,313 could not be confirmed.	Fy.2023/2024 for your review			
5	Unsupported Expenditure-	The statement of receipts and	The management provided payment	The management	1. The Office of the County Governor (CEO) undertakes	60 days from the

	Use of goods and services	payments and as disclosed in Note 4 to the financial statements reflects Kshs.2,403,653,567 under use of goods and services. Included in the expenditure is an amount of Kshs.117,301,735 whose payment vouchers were not provided for audit review. In the circumstances, the accuracy of use of goods and service amount of Kshs.2,403,653,567 could not be confirmed	vouchers of Ksh.96,003,469.55 for various expenditure items. The legal fee payment vouchers totaled ksh.21,298,286.60, out of three vouchers totaling Ksh.10,214,225 were also submitted. The difference of Ksh.11,352,400 (Voucher No.CL/46/05/24/R is yet to be received from EACC as per our correspondences	did not provide documentation to support an expenditure amounting to Kshs. 96,003,469.	administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of the audit, in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General	date of adoption of this report
6	Unsupported Expenditure	Review of prior year financial	The management amended the pending	The management	1. The County Executive should utilize its	60 days from the

	- Legal Expenses	statements revealed that pending bills for legal fees of Kshs.807,862,095 while the current financial statements reflect an opening balance of Kshs.828,387,093, resulting to an unreconciled variance of Kshs.20,524,998. In addition, Kshs.38,807,957 was paid to four (4) firms as part of the prior year pending bill and current year payables. However, the relevant case files were not provided for audit review. In the circumstances, the	bills annexures in financial statements for 2023/2024 to reconcile the variance of Ksh.20,524,998 between the reported amount of Ksh.828,387,093 (Bal B/f- 2023/2024) and Kshs.807,862,095 (Bal C/f - 2022/2023).). The amounts of Kshs. 38,807,957 was paid to the following advocate's companies who's the county owed for a long period of time; The case files were forwarded together with the payment vouchers to EACC. Therefore, the management could not provide them during	did not provide legal files for audit	legal department and make adequate efforts to pay the Pending Legal Fees that have already undergone taxation and submit a status report to the Auditor-General sixty days from the date of adoption. 2. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government)	date of adoption of this report
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		accuracy and propriety of legal fees totaling Kshs.828,387,093 could not be confirmed	the limited time given for audit. However, we have written to EACC, requesting for the said documents to be released for audit review. Attached, find the EACC correspondences for review.		Regulations, 2015. 3. The Office of the County Governor (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of the audit, in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General	
OTHER MATTER						
7	Budget Control and Performance	The statement of comparison of budget and actual amounts reflects	The under-funding variance of Kshs.2,529,513,657 between our final	The county experienced an under-funding of	1. the National Treasury should ensure the timely release of funds to county governments	Continuou s

		final receipts budget and actual on comparable basis of Kshs.15,808,454,221 and Kshs.13,278,940,564 respectively resulting in an under-funding of Kshs.2,529,513,657 or 16% of the budget. Similarly, the County spent an amount of Kshs.11,631,124,769 against actual receipts of Kshs.13,278,940,564 resulting in an under-utilization of Kshs.1,647,815,795 or 12 % of the actual receipts. The under-funding and under-	approved budget - Kshs.15,808,454,221 and the actual receipts of Kshs.13,278,940,564 was occasioned by the following two reasons; Further, the under-utilization of Kshs.1,647,815,795 (12 % of the actual receipts) at the end of Fy.2023/2024 was caused by delay in exchequer releases and other conditional grants. The Table below show a continuous trend in delay of exchequer releases which in turn led to only 88% absorption rate.	Kshs. 2,529,513,657 (16% of the budget) and an under-utilization of Kshs. 1,647,815,795 (12% of actual receipts)	in line with the cash disbursement schedules approved by the Senate; and 2. The county Executive should put in place measures to improve their local revenue collection capacity to meet their revenue collection target	
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		utilization may affect the planned activities and may impact negatively on service delivery to the public.				
8	Pending bills	Annex 2- Analysis of pending accounts payables, Annex 3- Analysis of pending staff payables and Annex 4- Analysis of other pending payables, to the financial statements disclose pending bills of Kshs.4,516,781,861, Kshs.855,416,201 and Kshs.167,965,221 respectively, all totaling Kshs.5,540,163,283 as at 30 June, 2024. Although	The Pending accounts payable for the year ended 30 th June 2024 was Kshs. 5,540,163,283.00 . The county managed to pay an amount of Kshs. 1,315,348,829.86 by 17th March 2025 . Therefore, the current balance is Kshs. 4,224,814,453.14 . The management applied First In First Out (FIFO) method of accounting principle whereby, the pending bills for prior years	Pending bills amounting to Kshs. 4,224,814,453 remain unpaid.	1. that all County Governments pay verified pending bills amounting to less than Kshs. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2025/2026; and 2. that- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County	60 days from the date of adoption of this report

		Management indicated that the bills were not settled due to non-release of exchequer allocation, no evidence was provided to confirm that the pending bills formed first charge in the subsequent year. Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form the first charge.	formed first charge in Fy.2024/25. The delay in release of June 2024 exchequer amounting to Kshs. 763,783,623.00 increased our pending bills for Fy.2023/2024. The exchequer was received on 26th July 2025. The table below gives a movement analysis of our accounts payable from 30th June 2022 to date. Attached, the accounts payable movement register for audit review		Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments	
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					shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with the Controller of Budget, to	
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					provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets	
9	Unresolved Prior Year Matters	Prior year issues remain unresolved	The management appeared before the Senate Public Accounts Committee on 12 th October 2024,	The County Executive did not take action on the issues raised	The County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues	60 days from the date of adoption

			where the matters were deliberated. Attached, find a schedule of our prior year issues and efforts made on each matter	in the Report of the Auditor General for the Financial year 2022/2023.	raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	of this report
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						
11	Non-Compliance with Law on Ethnicity and People with Disabilities Distribution	Records provided for audit review including the payroll indicated that during the year under review, the County Executive had a total of six thousand five hundred and thirty-five (6,535) employees out of whom five thousand five hundred and nine (5,509) or 84% were from the dominant community in the	The management acknowledged non-compliance with law on ethnicity and People with Disabilities. During Fy.2023/2024, Machakos County took corrective measure by employing 98 officers from non-dominant tribes in the county. This is 7.1 percent of the entire work force (1365 officers) employed in that year.	The management did not comply with the law on ethnicity and people with disabilities.	1. the County Executives should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity. 2. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with	60 days from the date of adoption of this report

		County. This is contrary to Section 65 (1) (e) of the County Governments Act, 2012 which provides that in selecting candidates for appointment, the County Public Service Board shall consider that at least thirty (30) percent of the vacant posts are not from the dominant ethnic community in the County. In addition, there were 61 employees or approximately 1% of the employees who are living with disabilities contrary to Paragraph	Further, the management is currently developing a county diversity policy which will guide future recruitment to address employment equity, and declare intent to comply with provisions of diversity in line with the Kenyan's constitution 2010 and the County Government Act 2012. This will address National integration issues on tribal diversity, issues of marginalized communities and people with disability. On the issues of people with disability, the County Government of		section 65(1)(e) of County Government Act, 2012.	
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		2.2.2(i) of Public Service Commission Diversity Policy 2016 which states that every public service institution shall adopt measures aimed at facilitating the realization of the constitutional principles of ensuring an inclusive public service and that at least five per cent (5%) of appointments in the public sector shall comprise of persons with disabilities. Although Management explained that in future there will be	Machakos has also constituted a County Disability Board that is tasked to address all issues of disabled persons including their employment to the Public Service. Notably, there is a sensitization process which is aimed at encouraging people with disability to apply for any job they qualify in order to bridge the shortfall of such staff in the public service. A copy of the members appointed to the County Disability Board is hereby attached for audit verification.		
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		a wide circulation of advertisement and effort to conform to the recruitment and appointments threshold on ethnicity and people living with disability, no documented measures were provided for audit review. In the circumstances, Management was in breach of the law.				
12	Lack of an Approved Staff Establishment	The statement of receipts and payments reflects compensation of employees' amount of Kshs.5,959,269,939. The County Executive had a	The management is prioritizing development of county staff establishment. Attached, find copies of the current departmental staff establishments and a	The management did not have an approved staff structure for the County.	1. The County should submit by the end of the first quarter FY 2025/26, the measures taken to rationalize the staff establishment to the Auditor General.	60 days from the date of adoption of this report

		total of six thousand five hundred and thirty-five (6,535) employees. However, the County Executive through the County Public Service Board did not have an approved staff establishment for the whole County Executive and for each Department detailing hierarchy of authority and responsibilities. Although Management explained that it is in the process of developing a staff establishment, no reason was provided as to why the staff	letter addressed by the County Head of Public service to all departments requesting submission of departmental staff lists. The Head of Public service has already forwarded the lists to Machakos County Public Service Board for their review. The public Service Board (MPSB) is in the process of coming up with updated Staff Establishment)		2. The County to provide an approved staff establishment by the end of the first quarter of FY 2025/2026 to the Auditor General.	
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		establishment was not prioritized. In the circumstances, optimal staffing levels, appropriate systems and skills development could not be confirmed.				
13	Non - Compliance with the Law on Fiscal Responsibility on Wage Bill	The County Executive compensation of employees totalling Kshs.5,959,269,939 represent approximately fifty-two (52%) of the total receipts of Kshs.11,417,314,88 2. This was contrary to Section 25(1)(b) of the Public Finance Management (County Governments)	The management acknowledges the issue on non-compliance with Fiscal Responsibility on wage bill. The issue was occasioned by A) Health Worker CBA agreements. B) Annual increment of staff wages C) Inheritance of a huge wage bill of the Devolved Health Staff and which accounts to more than 50% of the entire county wage bill.	The management did not adhere to the law on fiscal responsibility, specifically Regulation 25(1)(b) of the Public Finance Management (County Government) Regulations, 2015	1. The County Executive strictly adhere to the provision of paragraph 25(1)(b) of the PFM Act (county government) regulations,2015 which stipulate that the county wage bill should not exceed 35 percent of the county total revenue. 2. The management develops and	60 days from the date of adoption of this report

		Regulations, 2015 which requires the limit on the County Governments expenditure on wages and benefits for its public officers not to exceed 35% of the County Government's total revenue. In the circumstances, Management was in breach of the law.	This can be substantiated by analyzing our IPPD system payroll extract for the month of November, 2024. The analysis involves department of Health wage bill against the entire county wages. We can deduce that 51.6% of our entire county wages go to Department of Health.		updates its staff establishment and ensures that all staff compensations are processed through the IPPD system for accountability 3. That the County Executive provide to the Auditor General the measures put in place to contain the county higher wage bill within sixty (60) days from the adoption of this report.	
14	Payment of Salaries Outside the Integrated Payroll and Personnel	The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of	The amount of Ksh.487,009,214 mainly involved payments of staff medallions, gratuities and other statutory deductions owed to	The management paid salary outside IPPD system	1. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs	60 days from the date of adoption of this report

	Database (IPPD)	Kshs.5,959,269,939 under compensation of employees. Included in the payment is an amount of Kshs.487,009,214 for salaries which was paid outside the IPPD system in the month of June 2024. In addition, review of the June 2024 monthly payroll data, revealed that two employees were sharing the same bank account number. This is contrary to Section 1.5.1 of The National Treasury Financial Accounting Recording and Reporting Manual	various agencies such as KRA, NITA, LAPFUND, NHIF, and LAPTRUST		the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties. 2. The management should ensure compliance with Section 1.5.1 of The National Treasury Financial Accounting Recording and Reporting Manual by processing personnel	
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		which provides that personnel emoluments of County Governments staff should be paid through IPPD. Although Management indicated that relevant data for new employees will be secured for payroll processing before salary payment in future, no reason was provided for non-compliance. In the circumstances, Management was in breach of the law.			emoluments through the Integrated Personnel and Payroll Database (IPPD) as required 3. The Auditor General to monitor the matter in the subsequent audit cycle.	
15	Outstanding Medical	During the year under audit review,	The medical insurance cover for the county	The management	The management should ensure	60 days from the

	Insurance Cover	an amount of Kshs.245,000,000 was paid for medical insurance cover. However, as at 30 June, 2024, the County Executive of Machakos had an outstanding amount of Kshs.45,883,520 owing to the insurance company. This is in contravention of the Clause 2.6 of the contract agreement dated 19 October, 2023 which states that payment shall be made to the insurer immediately upon execution of the agreement. Although Management	staff was running from October 23 rd 2023 to 22 nd October 2024 at a contract sum of 285,883,520. Since the contract period was cutting across two financial years (2023/24 and 2024/25), a payment of 245,000,000 was made before end of June 2024. The balance of 40,883,520 was processed and cleared before the lapse of the contract period. Therefore, the contract expired without any pending amount. Payment voucher dated 9 th September 2024 for audit review were attached.	did not pay insurance premiums upon execution of the agreement.	compliance with Section 156(1) of the Insurance Act 2020 by paying insurance premiums upon execution of the agreement to avoid legal and financial risks.	date of adoption of this report
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		explained that there were no pending premium payments, the total premium had not been settled on execution of the agreement as required. In the circumstances, Management was in breach of the insurance cover pre-conditions subjecting staff to medical risk.				
16	Recruitment of Staff	The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.5,959,269,939 as compensation of	The management provided copies of the staff need assessments, Individual panelist score sheet for all interviewed candidates, merit list, public advertisement	The management did not provide staff needs assessments, individual panelist score sheets for all	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with	60 days from the date of adoption of this report

		employees. During the year under review, Machakos County Public Service Board recruited and appointed five hundred and thirty (530) officers. However, the need assessment to fill the vacant positions, individual panelist score sheet for all interviewed candidates, the merit list and the Board minutes on the appointment of successful candidates were not provided for audit review. In the circumstances, the value for money for	notices, boards minutes and appointment letters of the 530 officers for audit review	interviewed candidates, or the merit list for audit review, contravening Section 9(1), (e), of the Public Audit Act 2015	section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report	
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		the expenditure of Kshs.5,959,269,939 on compensation of employees could not be confirmed.				
17	Proposed Phased Completion of Kaewa Dispensary	Physical verification of the contract for the proposed phased completion of Kaewa Dispensary (Upper Kaewa Ward) at a cost of Kshs.2,834,808 revealed that, there was no electricity hence service providers could not perform immunizations and other medical services that require electricity. Further, there was no running water despite installation of a 10,000-litre	The management took note and urgent administrative actions were taken to correct the issues. The facility has since been connected with electricity and a water tank installed and connected to water supply. Further, the facility has since been secured with fence	The management failed to provide electricity, hindering immunization and medical services. The management did not ensure a functional water supply, despite installing a 10,000-litre tank.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County	60 days from the date of adoption of this report

		water tank. In addition, there were security issues as the fluorescent tubes, wooden doors and sink pipes had been vandalized		The management failed to secure the facility, leading to vandalism	Government) Regulations, 2015 within 60 Days from the date of adoption of this report. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report. 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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19	Non-Functional Solar and Battery Backup Projects	The Department of Energy entered into two projects for Kathiani Level 4 Hospital at a total cost of Kshs.13,569,996. The first project was for the supply and installation of battery backup for Kshs.5,906,546 while the second project was for the supply and testing of solar plant for Kshs.7,663,449. However, physical verification of the projects revealed that the solar plant and battery backup system were not functional. In addition, the bid price for the supply	The management noted the above concern and took administrative action as follows; I. Non-Functional solar plant and battery backup system As at the time of Audit the Solar plant and battery backup had not been tested and commissioned. Subsequently, the department of Energy has since tested and complaint and battery backup and the system is now fully operational. ii) Variance between GOK IFMIS evaluation matrix and	The management provided documents, but physical verification was not conducted	The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle	Continuou s
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		and installation of battery backup quoted in the GOK IFMIS evaluation matrix of Kshs.5,900,000 differ with the	opening minutes The typo- error in opening minutes was noted and corrected missioned the Solar			
20	Proposed Construction of Kathalani-Kaviani Nzaikoni Roads	The contract for this project was awarded on 6 February 2024 at amount to contract sum of Kshs.154,580,347 with a completion period of twenty-four (24) months from the date of signing of the contract. The budget for this project during the year under review was Kshs.50,000,000 and the bill of quantities included	Inclusion a sum of Kshs.1,000,000 for engineer's site visit and overtime allowance. The Management noted the above engineer's overtime allowance concern. Going forward, engineer's allowances will not be included in Bill of Quantities but will be facilitated by the county as per SRC guidelines. II. serialization, initialization and	The management did not provide relevant document to the OAG for verification.	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report	60 days from the date of adoption of this report

		a sum of Kshs.1,000,000 for engineer's site visit and overtime allowance. One of the mandatory procurement criteria was to have all bid documents serialized, initialized and stamped. However, one of the bidders who had quoted an amount of Kshs.145,286,252 and had all bid documents serialized, initialized and stamped was evaluated as non-responsive during preliminary evaluation. However, the firm	stamping of bid documents The bidder no.5 M/s seamless structure (k) limited with the quoted tender sum of Ksh.145,286,252 initialized and stamped all the pages. However, pages 80-81 were repeated. Serialization, initialization and stamping of the winning Bidder (Turin Enterprise) The construction of kathalani- kaviani Nzaukoni Roads project was awarded to Turin Enterprise limited at a cost of Ksh.154,580,347. The bid documents for Turin Enterprise have		2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct	
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		which was awarded the contract did not have all the pages initialized which was a mandatory criterion.	stamped initials and serialized.			
21	Upgrading of Kincar Airways-Zebra and Muungano Police Station Road Phase	Review of the contract documents revealed that the contract was signed on 6 February, 2024 at a contract sum of Kshs.84,017,245 with a completion period of 6 months from the date of signing the contract. However, the following issues were noted: One of the mandatory requirements was for the form of tender to be completed, signed	I. Mandatory requirements-form of tender to be completed, signed and stamped in the format provided and in a company letterhead. The management provided a copy of page 5 of the paginated bid document to prove that the form of tender provided by Amuka builders & Contractors Limited was in company's letterhead and initialized.	The management did not provide relevant document to the OAG for verification.	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.	60 days from the date of adoption of this report

		and stamped in the format provided and in a company letterhead. However, the form of tender for the winning firm was not in a company letterhead and was not signed, while bidder No. 3, had quoted an amount of Kshs.61,985,760 which was lower than the bidder who won yet the firm was disqualified on similar issues. An amount of Kshs.29,237,955 was paid without a certificate of work done but was based on summary of statements of				
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		The progress report dated February/March 2024 indicated that there was no site agent, general foreman, site surveyor, environmental officer and occupation health officer. These were key experts who were required as per the tender evaluation requirements. It appears that the project was being implemented without the input from technical staff which might have impacted on the quality of work			
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22	Routine Maintenance of Kathaianioni - Kwa Kavatha-Muli Kaese Road	Review of documents revealed that the contract was awarded on 19 March, 2024 at a contract sum of Kshs.4,896,464 with a contract duration of three (3) months. However, the firm did not attach beneficial ownership disclosure form which was a mandatory requirement. In addition, the firm did not provide a three months bank statements within the last two years and key personnel certificate with 2 years' experience as	The management has attached a duly filled Beneficial Ownership Disclosure Form in the paginated bid document for verification. Further, we also provide copies of three months bank statement, duly signed evaluation committee minutes and key personnel certificates for audit review. The attached evaluations committee minutes can confirm that the bank statements, beneficial ownership disclosure form and key personnel certificates/Curriculum Vitae were available in bid documents.	The management did not provide necessary procurement documentation to the OAG for verification	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report	60 days from the date of adoption of this report
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		was required when bidding.				
25	Stalled Projects	Review of various projects commenced in the County revealed that fifty-four (54 projects) awarded at a contract price of Kshs.1,132,065,268 had stalled at various stages of completion. This was after the County had incurred a total cost of Kshs.314, 262,161 which was paid to various contractors. Further the work in progress was not reported in fixed assets register.	The management relooked on the projects, initiated some and it's in the process of reviving the remaining one. Expired and terminated Contract agreements will be renewed and awarded to new contractors respectively. Attached, find a compendium list of all stalled projects Fy.2023/2024 and our updated fixed asset register for audit review	The management had 54 stalled projects at the time of the audit	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;	60 days from the date of adoption of this report

					2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.	
26	Procurement of Integrated Health Management System	Review of pending bills revealed a prior year pending bill of Kshs.44, 885,921. This was the tendered sum for phase one (1) of a project that was to be executed in three phases. However, the confirmation reports from various level 3 and 2 hospitals covered	I. Payment status and Inclusion of Kshs.44, 885,921 in pending bills The pending amount is Kshs 44,885,921 was for Phase one (1). This phase was fully executed before 30th June 2024. Appendix 8.10 (i)	The management paid the full contract price of Kshs. 78,530,148 for phase two, despite reports from level 3 and 2 hospitals indicating that some service points	The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties	60 days from the date of adoption of this report

		under phase two (2) indicated that some service points were not covered, yet the full contract price of Kshs.78,530,148 was invoiced and paid. Further, it was not clear whether the County acquired the full ownership rights of the software including the source code. In the circumstances, value for money for these projects could not be confirmed.	II. Implementation of Phase two of the project The management is processing of implementing phase two (2) of the project hence the few levels 3 and 2 remaining hospitals will be covered during this phase. III. ownership rights of the software including the source code. The county Government of Machakos fully owns the rights to Aphiaone software.	were not covered. Additionally, it was unclear whether the County acquired full ownership rights, including the source code. As a result, value for money could not be confirmed	which constitutes a professional misconduct.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
27	Staff in the Payroll without	Review of staff payroll revealed that a total of 67 clinical	The reasons why the 126 officers never log	The management failed to	The management enforce mandatory HMIS logging for all	60 days from the date of

	Activity in the Department of Health	officers and 61 medical doctors were in the payroll. However, review of the doctor analysis report generated from Integrated Health Management system indicated no activity undertaken by them from September, 2023 when Level 4 and 5 hospitals were digitized and from February/ March when all Level 3 and 4 were digitized. In the circumstances, it was not possible to establish whether the officers offered any service to	in the HMIS system are cross cutting such; Some health officers could not log in because they lacked portable gadgets I.e tablets and laptops. The county is planning to procure in the financial year 2025/2026 through ICT department. Doctors use treatment sheets, theatre registers and patient files to record every procedure in theatres and wards. The management is in the advanced stage of integrating the HMIS system with KEMSA-LMIS, KHIS, NASCOP and TB systems. Some Pharmacists log in the	ensure that 126 health officers logged into the HMIS system as proof of work done, raising concerns about accountability and service delivery tracking	clinical officers and doctors. Procurement of necessary devices be expedited, with possible fund reallocation. Manual records should be cross-verified with HMIS entries during the transition. HMIS integration with other health systems should be fast-tracked. Salaries for unverified work should be recovered per Section 81(3) of the Public Finance Management Act, 2012. Regular audits and real-time system checks should be implemented to prevent payroll irregularities.	adoption of this report
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		Machakos residents during the period under review.	above parallel systems for delivery of their routines services which includes pharmacy supply chain work. The management hereby provide a copy of the log in report of the doctors/Pharmacists in TB-LMIS-KEMSA and HIV-LMIS systems for audit review. Appendix 4.6.4 (BC)-(i) Currently, the management has taken corrective measures by ensuring all Health Workers log in in the HMIS system. Attached, find a print out from the system for audit review.			
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MAKUENI COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
1. Misclassification of expenditure	-An amount of kshs 54,886,832 was irregularly charged to other operating expenses instead of acquisition of assets and compensation of employees.	-The budget estimates for the expenditure lines were uploaded into the Integrated Financial Management Information System (IFMIS) as per the attached extract of IFMIS Budget. -During the budget implementation and reporting	-The Committee observed that no reason given why at implementation stage the expenditures were accounted for under 'other operating expenses' instead of the correct account codes.	The Committee recommends that; 1. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		process, the expenditures were duly accounted for under the budget vote 'other operating expenses line' as uploaded into the system. -This approach ensured alignment between the financial transactions and the budget as captured in the IFMIS guided by the chart of accounts. In the current financial year, the county has		the Committee within 60 days of adoption of this report; and 2. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the prescribed timelines.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		ensured a collective technical analysis of the approved budget lines to ensure they are correctly captured in the IFMIS during uploading to mitigate the issue of budgeting in the inappropriate expense codes and hence correct classification of expenditure items. A sample budget uploading team appointment letter.			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
2. Budgetary Control and Performance	-Statement of comparison of Budget and Actual amounts reflects budgeted receipts of Kshs 10,233,333,653 while Actual receipts were Kshs 8,373,777,028 resulting to an under-funding of Kshs 1,859,556,625 or 18 percent.	-The county experienced Funding and Budget constraints during the year which included delayed disbursement of funds from the National Treasury (Equitable share and conditional loans and grants) coupled with underperformance of revenue. These significantly hampered the timely implementation of programs and projects.	-The Committee observes that Management has outlined revenue raising strategies to boost own source revenue and bridge the deficit.	The Committee recommends that: 1. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and 2. The County executive puts in place measures to	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		The county received Exchequer disbursements for eleven months with only 50 percent of conditional grants being released and own source revenue collection at 84 percent of the annual targets.		enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls.	
3. Pending Accounts Payables	-The financial statements on analysis of pending accounts payables reflects pending bills balance of Kshs.676,145,218 and Kshs 10,685,614 for pending accounts payable for staff respectively totaling kshs 686,830,832 which were not settled as at 30 june,2024.	-The County remains fully committed to settling the pending bills despite the delays in exchequer-releases and it has allocated the necessary funds to ensure	-The Committee observed that Kshs.76,286,622 for FY 2023/2024 is still pending and also the LAPFUND installment of Kshs 39,417,551. Appendix 3c	-Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	Although management indicated that the bills were not settled due to non-release of the June 2024 exchequer allocation and rescheduling of the obligation of Kshs 118,252,653 due to Local Authority Pension Fund (LAPFUND), no evidence was provided to confirm that the pending bills formed first charge in the subsequent year.	timely payment. Upon receiving the exchequers and approvals of the supplementary budget, the county commenced the clearing of the pending bills gradually based on the availability of funds. The unpaid bills that were outstanding were budgeted for settlement in FY 2024/2025. -Currently, the accounts payables relating to the financial year	does not show the agreed pattern of paying the LAPFUND arrears.	plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done. -The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases. -County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &	

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		under review stand at Kshs 155,121,724 having settled Kshs 531,715,108.50 representing 77% of the total accounts payables (see attached extract of FY 2023/2024 pending bills status report in -However, included in the outstanding balance is the LAPFUND installments for two subsequent financial years of Kshs 78,835,102(11 %). The county		(3) of the Public Finance Management (County Governments) Regulations. -Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates. -County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		settled the LAPFUND installment budgeted under FY 2024/2025 amounting to Kshs 39,417,551 to reduce the amount payable.		-County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets. -Further, the Committee recommends the county government to clear all pending bills including the LAPFUND arrears to avoid accumulation of more pending bills as a first charge in the budget of the subsequent year.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
4. Unresolved prior year matters	-In the audit report of the previous year, several paragraphs were raised. However, management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Although management has indicated several reasons for failure to resolve prior year matters such as, funds meant for operationalization of the municipality being spent by the county executive, budget lines not aligned to financial statements and that contribution to council of governors was through instructions from the council of governors, no evidence was provided for audit review.	-The Financial statements adhered to the provisions of the Public Sector Accounting Standards Board reporting template on progress and follow-up of prior year auditor's recommendations. Further, the management has resolved some of the prior year audit issues. See attached progress and follow up of prior year auditor's	-The Committee observed that while some of the audit recommendations have been implemented, others are still outstanding and the reason for failure to implement all recommendations has been given.	The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by acting on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		recommendations report in. -The county has been implementing the recommendations by the Auditor General together with oversight bodies like the county assembly and the senate to minimize the recurring audit matters. The issues of IFMIS not aligned to financial statements has been resolved with the help of the national			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		treasury (IFMIS Department) hence no query in the year under review. -The county has ensured that, the municipalities have independent budgets for their operations as per the attached budgets extracts. -In the year under review, both Wote and Emali-Sultan Hamud Municipalities were audited as			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		independent entities as per the attached audit report.			
5.1 Non-Compliance with one third rule of basic salary	-Review of the IPPD payroll data revealed that one hundred and eighty-seven (187) employees earned a net pay below a third of their basic pay during the month of June,2024.	-Violation of a third basic pay rule has been occasioned by the introduction of the public service superannuation scheme with effect from 1.1.2021 contributory pensions, end of tax cuts put in place in April 2020 to cushion	-The Committee observed that no evidence has been provided to show any corrective action taken by the county government to correct the situation.	The Committee therefore recommends that - 1. The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue of non-compliance with the one third	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		the economy from the effect of COVID-19 pandemic. -In addition, incomes of individuals earning less than KES 24,000.00 per month were fully exempted from Pay As You Earn (PAYE) during the period. -The IPPD system has in-built control except for deductions towards Government Liabilities, eg expired KRA		of basic salary rule as well as comply with the requirements of Section 19 (3) of the Employment Act 2007. 2. The county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and 3. The Auditor General should continue monitoring the issue in subsequent financial years.	

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		exemption certificates for PWD. Further, introduction of new tax deductions eg housing levy and additional NHIF contributions have contributed to employees earning a net pay below a third of their basic pay.			
5.2 Noncompliance with law on ethnic diversity	-Review of the county government muster roll and other staff records indicated that makueni county government recruited one hundred thirty-two (132) employees out of which one hundred twenty-five (125) or approximately	-Section 66 of the County Government's Act 2012 that: 'If a public office is to be filled, the public service board shall invite	The Committee observed that Management has not supported their claim by any document such as adverts and applicants lists.	-The Committee recommends the county executive to work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity.	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	95% are from the dominant ethnic community in the county.	applications through advertisement and other modes of communication so as to reach as wide a population of potential applicants as possible and especially persons for who any reason has been or may be disadvantaged' To ensure this, the board normally places all the adverts on the print, social and other media inviting competent and qualified persons to fill		-The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		the positions as per Article 176 of the Constitution of Kenya 2010 and Section 59 of the County Government's – Act 2012. -When recruiting the board is always keen on observing the 30% representation of non-dominant ethnic group at the entry level. Further, the board has continued to comply with.			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		-However, the board has continued to face a challenge in attracting applicants from outside the Kamba Community which is the dominant ethnic group, despite wide advertising in the main newspapers and indicating the 'county is an equal opportunity employer, youth, women, persons with disabilities and other disadvantaged persons are			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		encouraged to apply' as shown in the job adverts. Other efforts taken by the Board include circulating advertisements to professional bodies to further circulate to their members. While distance and family concerns explain some of the reasons for non-responsiveness, the Board is committed to devising more ways and methods of attracting and			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		retaining the non-dominant communities to ensure compliance			
5.3 Failure to meet Recruitment Threshold on Persons with Disabilities	-During the Financial year under review, the county Government recruited a total of 132 employees, out of which four persons with disabilities were hired which translates to 3%. No explanation was given for failure to meet the 5% threshold.	-The Board has continually indicated in her advertisements that the county is an equal opportunity employer, youth, women, persons with disabilities and other disadvantaged persons are encouraged to apply. The Board ensures that where she gets qualified applicants	-The Committee observed that Management has not supported their claim with documentary evidence of the adverts, number of applicants with disabilities and those who met minimum qualifications.	The Committee recommends that- 1. the County Executives should work progressively towards attaining the requirement of the Section 13 of the Persons with Disabilities Act, 2013 which provides a reservation of five percent (5%) of all casual, emergency and contractual	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		meeting the very bare minimum as per the advert, she has not hesitated to short list them and subsequently, those who get the minimum pass mark for the interview as set by the Board, are given priority and appointed as per the job adverts. However, the Board admits that she has continued to face a challenge getting enough applications		positions in employment in the public and private sectors for persons with disabilities. 2. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with Section 13 of the Persons with Disabilities Act, 2013.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		from this category. To this end, the Board has enhanced circulation of the adverts to the target population through the county department for Gender and Social Services. Further, the Board will collaborate with the department and relevant actors to sensitize the population. The Board is committed to ensure continuous improvement to			

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		meet this threshold in the near future.			
5.4 Non-compliance with Fiscal Responsibility Principle	-The statement of receipts and payments and as disclosed in note 13 to the financial statements reflect compensation of employees' amount of Kshs 3,837,996,248 which represents 46% of the total receipts of Kshs 8,259,693,356.	-The County's total revenue for the financial year under review was Kshs 10,512,868,813 as per the revenue summary below. -The Kshs.8,259,693,356 were the transfers from the county revenue fund to county executive operational accounts	-The Committee observed that even with revenue determined at Kshs 9,644,961,627, the county government management has still violated the fiscal responsibility principle on wage bill.	-The Committee recommends the management to strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue. -The county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap.	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		therefore, based on the actual county revenue for the financial year, wage bill to revenue representation is 40% and not 46%. -In response to the rising wage bill, the County Government has taken steps to manage and contain the situation: - 1 Restricting employment to critical staff only 2 Enhancing Revenue Mobilization		-The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.	

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
6.Regularity of Procurement and award of contracts a) Delay in Project Operationalization- Kyumbuni and Kalawani Post Harvesting Facility b) Kilungu Post Harvesting Facility c) Kasikeu Grain	-The County through the Department of Agriculture, Livestock, Fisheries and Cooperative Development entered into two contracts with a Company Limited on 24 July 2020 for Construction and equipping of post harvesting facilities (cold room pack houses) at Kalawani (Tulimani) and Kyumbuni (Mbitini) wards. -The contract sum for each project was Kshs. 36,458,529 both totaling to Kshs 72,917,058 out of which Kshs.71,501,906 or 98% of the sum was certified and paid to the contractor as at 30 June 2024. The projects were completed and handed	-In the 2022/2023 FY, the current administration inherited multiple incomplete and non-operational projects from the previous administration. The projects were at different levels of completion. To complete and operationalize the projects, the county adopted a phased approach, prioritizing projects considered most ready for	The Committee observed that County Government has not yet operationalized the projects despite having incurred Kshs 105,242,396.30 on Kyumbuni, Kalawani and Kilungu post harvesting facilities. Value for money has not been obtained by the residents of the county.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
Milling Facility	over on 28 June 2024. However, physical inspection carried out on 11 September 2024 revealed the following anomalies: ❖ The two projects had not been fully operationalized despite the County incurring cumulative expenditure amount of Kshs 71,501,906.40. ❖ The equipping and reticulation of boreholes at Kalawani and Kyumbuni had not been done as at the time of audit. ❖ External/civil works and land scaping at Kalawani facility	operationalization -The parameters that were used to assess readiness for operationalization and hence cluster projects into the various phases included. -Level of completeness of construction. -Level of completeness in equipping of the projects. -Operational framework among these;		Government) Regulations, 2015; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the	

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	had not been procured. ❖ There were visible buckling/cracks on the floor at Kyumbuni facility. ❖ The access road to the Kalawani facility had not been done. ❖ The County Management had not put in place preventive measures including fencing of the compound with a perimeter wall to safeguard the facility assets. ❖ Management did not provide documentary evidence to demonstrate any	governance for projects upon operationalization, Management, trained staff, statutory framework compliance and where applicable, availability of raw materials and markets for the products. -The operationalization of Kasikeu Grain Milling Factory is a phase 3 project targeted to be implemented in the FY year 2025/2026. A detailed		subsequent audit cycle.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	further action to procure the remaining works and operationalize the cold room pack houses.	description of necessary interventions and timelines. -The county has also developed a proposal on completion and operationalization of the cold room projects.			
6d Project Implementation Status	-Review of the County annual development plan and County annual progress report revealed that the County allocated funds amounting to Kshs.2,589,473,040 for the implementation of Six hundred and thirty-five Projects (635) during the period ended 30 June 2024.	Makueni County Annual Progress Report 2023/2024 reported the status of projects as at end of June 2024, which indicates that one hundred and thirty-one	-The Committee observed that the current status has to be verified, however the ADP and APR had a total of 635 projects yet the management has given the status of 641 projects leading	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization , planning, execution and	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	Out of the 635 projects, four hundred and sixty-six (466) with a total allocation of Kshs.1,492,673,567 were complete, one hundred and thirty-one projects at a budgeted cost of Kshs.965,597,676 were ongoing, thirty-two (32) projects budgeted at Kshs.96,054,832 had not started while six (6) projects with a budget amount of Kshs.35,146,971 had stalled. -Management did not provide plausible explanation on the delayed completion and stalled projects and measures in place to complete the projects.	(131) are on-going while thirty-two (32) projects had not started. The delay in completion and implementation of projects was majorly occasioned by unpredictable weather conditions such as heavy rains experienced in the county during the long and short rain seasons affected the implementation of projects especially in the department	to a discrepancy of 6 projects.	timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		of water and infrastructure. This affected construction schedules, project implementation timelines and caused damage to some of the complete projects such as graded roads. -However, the current status of most of previously on-going projects had been completed as tabulated below: - Completed 571 Not started 26		for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		Ongoing 39 Stalled 5 Total 641			
6e Stalled Project- Mulima Water Project	-The County through the Department of Water and Sanitation awarded contract No. GMC/W/Q/1025/2016/2017 to a limited Company for Mulima Water Project on 25 May, 2017 at a contract sum of 3,000,956. Review of project file and physical inspection of the project on 16 September 2024 revealed the following anomalies: ❖ The contract did not specify the completion period. ❖ The project had stalled and the contractor was not on site.	-Although the contract did not have a completion period, the workplan provided the end date as per the attached workplan. The project had delayed due to KPLC connection challenges. The contractor requested for contract period extension due to KPLC delays.	-The Committee recommends that the current status to be verified by the Auditor.	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	❖ The contractor supplied and installed one set of electric motors and multistage centrifugal surface pumps instead of two indicated in the approved bill of quantities. ❖ Repair of the masonry tanks at Mavindu Forest, Ntungoni and Kikalyoni had not been completed.	-The contractor has been following up on the matter and on 9th September, 2024 the contractor was on site where he tested the pump-set, which successfully delivered water at Mavindu Forest tank. -Repair of the masonry work at Mavindu forest, Tunguni and Kikalyoni were done and the tanks were tested and are in good		Management (County Government) Regulations, 2015; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		working condition. -Since the contractor was not able to complete the work as per the bill of quantities in the stipulated period, the department in December 2024 through a recommendation by an appointed project implementation team terminated the contract as per the termination letter.		Committee in the subsequent audit cycle.	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		The department of water is in the process of inviting new bidders for completion of the works.			
6f Delayed Project Implementation	-The County allocated Kshs.351,735,259 for implementation of sixty-seven (67) projects by the department of health. Out of the sixty-seven projects, forty-two (42) projects worth Kshs.235,365,812 were complete, eighteen (18) projects budgeted at a cost of 67,653,477 were ongoing while three (3) projects costing Kshs.6,890,000 had not started. -In addition, construction of Mbooni isolation ward	-Several projects were not completed within the originally awarded contract period due to various challenges. In cases where the contract period lapsed and an extension was requested, the department appointed a committee to review the	-The Committee observed that the project status to be verified by the Auditor.	a) The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	and upgrading of Matulani dispensary with combined budget allocation of Kshs.29,825,970 had stalled. Management did not provide plausible explanations on the delayed project completion and measures in place to complete the projects. However, review of the cashbooks and schedules including internet banking statements for the year under review revealed that receipts and payments transactions amounting to Kshs.1,121,367,449 and Kshs.707,690,719 respectively occurred in the month of July, 2024 which is outside the year under review.	projects and assess the validity of the extension request.		Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report. b) The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report. c) The OAG to keep the matter in view and provide a status update to the	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	Some of the reasons cited for delays included adverse weather conditions, particularly during the heavy rainy season, which affected construction timelines, material assembly and site access. Additionally, delays in the disbursement of the first interim payment from the exchequer caused further setbacks in project implementation.			Committee in the subsequent audit cycle.	
7 Failure to Observe end of the year cut-off procedures	The statement of receipts and payments reflects Kshs.8,259,693,356 and Kshs.8,168,030,249 in respect to total receipts and total payments respectively and a resultant net surplus	Management explained that the receipts and payments were made to clear commitments made prior to 30 June, 2024 and were	-The Committee observed that the mistake cannot be reversed but should be avoided in the next FY.	The Committee recommends that; the Accounting Officer implements stricter end-of-year cut-off procedures to ensure all	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
	amounting to Kshs.91,663,107.	authorized by The National Treasury. However, Treasury approval was not provided for audit verification.	Closing the books of accounts at the end of the financial year is a requirement of the law which the National Treasury should not breaking and distorting financial records of Government entities.	transactions are accurately recorded within the correct accounting period, this should include a detailed review and reconciliation of cashbooks, bank statements, and supporting schedules prior to finalizing financial statements; and 2. The County Executive to identify training needs of its staff serving in the Finance	

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
				Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
7b Irregular payments to The Council of Governors	-The County Government made payments to the Council of Governors totaling Kshs 3,600,000.	-The Council of Governors, through their minutes' resolutions and request letters, instructed the County Governments to support their programs, honor contributions and settle invoices.	The Committee observed that the Council of Governors is engaging in irregularities.	a) The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to	60 Days from the date of adoption of this report.

SUMMARY OF UNRESOLVED ISSUES					
REPORT OF THE FINANCIAL STATEMENTS					
Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
		Attached are the resolution minutes, invoices and payment request letters for payments made to the Council of Governors.		make the irregular contribution. b) The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate; and c) Further, the Committee recommends the Council of Governors to be prevailed upon to stop asking for funds from county Governments since it is funded by the National Treasury.	

SUMMARY OF UNRESOLVED ISSUES

REPORT OF THE FINANCIAL STATEMENTS

Audit query	Audit finding	Management Response	Committee observations	Committee recommendations	Timelines
8. Under Staffing of Internal Audit Services	-The approved County staff establishment provides for the Internal audit services department headed by a director. The directorate has two divisions including Internal Audit and Internal Control, Policies and Systems Divisions each headed by a deputy director. However, review of the staff establishments revealed that the directorate had an approved staff establishment of 28 employees whereas the actual number in position was six (6), resulting to an under establishment by 22 officers. Further, some of the staff were still pursuing their	In alignment with the staff establishment, there is a concerted effort to improve staffing numbers incrementally, ensuring that the County can sustainably grow its workforce while maintaining fiscal discipline. For the fiscal year 2023/2024, there was a notable development in the recruitment of an internal	The Committee observed that the department is still understaffed and may not facilitate the County Government to achieve its internal audit responsibilities.	1) The county Executive expedites sufficient staffing of the audit committee to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. 2) the Salaries and Remuneration Commission (SRC) to review the compensation framework for	60 Days from the date of adoption of this report.