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Date: 25/03/26

THE SENATE

THIRTEENTH PARLIAMENT – FIFTH SESSION

REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF VIHIGA COUNTY WATER COMPANY, MUNICIPALITY, HOSPITAL AND FUNDS FOR THE FINANCIAL YEAR 2024/2025 (1st JULY, 2024 TO 30th JUNE, 2025):

SECTOR	NO.	ENTITY
WATER COMPANY	1	AMATSI WATER SERVICES COMPANY LIMITED
MUNICIPALITY	1	VIHIGA MUNICIPALITY
HOSPITAL	1	VIHIGA COUNTY REFERRAL HOSPITAL
FUNDS	4	VIHIGA COUNTY CLIMATE CHANGE FUND
		VIHIGA COUNTY EDUCATION FUND
		VIHIGA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND
		VIHIGA COUNTY TRADE AND ENTERPRISE FUND

26/03/26

APPROVED
RT. HON. SEN
AMASON J. KING

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MARCH 2026 PAPERS LAID	
DATE	26/3/2026
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COMMITTEE	CPI & SIF
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ACRONYMS/ABBREVIATION

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
COB	Controller of Budget
COG	Council of Governors
DPP	Director of Public Prosecution
EACC	Ethics and Anti-Corruption Commission
FIF	Facilities Improvement Financing Act
GAAP	Generally Accepted Accounting Principles
HDU	High Dependency Unit
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management Information System
IGRTC	Intergovernmental Relation Technical Committee
IHMS	Integrated Hospital Management System
IMS	Inventory Management System
KEMSA	Kenya Medical Supplies Authority
KRA	Kenya Revenue Authority
NHIF	National Health Insurance Fund
NRW	Non-Revenue Water
NSSF	National Social Security Fund
OAG	Office of the Auditor-General
PAA	Public Audit Act
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
RWWDA	Regional Water Works Development Agency
SHA	Social Health Authority
SO	Standing Orders
TNT	The National Treasury
UHC	Universal Health Coverage
WASREB	Water Services Regulatory Board
WRA	Water Resources Authority
WSP	Water Service Provider

DEFINITION OF TERMS

1. **Unqualified opinion:** This refers to a clean opinion, which is the most desirable, in which the auditor states that the financial condition, position, and operations of an organization are fairly presented in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
2. **Qualified opinion:** This is an opinion expressed by the auditor if the financial statements appear to contain a small deviation from Generally Accepted Accounting Principles (GAAP) but are otherwise fairly presented. It is also rendered if the organisation's management limits the scope of audit procedures.
3. **Adverse opinion:** This refers to an opinion issued when there are material exceptions to Generally Accepted Accounting Principles (GAAP) that affect the financial statements as a whole, and the auditor indicates that the financial statements are not presented fairly.
4. **Disclaimer:** This is an opinion given by the auditor when there is a significant limitation in the access to audit information and documentation, and inadequate cooperation by the organizational management in the audit process.
5. **Accountability** – This refers to the assurance that an individual or a group will be held responsible for their actions or inactions.
6. **Non-Revenue Water:** Non-Revenue Water refers to the difference between the amount of water put into the distribution system and the amount of water billed/unbilled as authorized consumption. It is usually attributed to physical losses such as leaks, bursts, and overflows in the existing, old, and dilapidated water supply network, and to commercial losses due to metering anomalies and illegal connections.
7. **Going Concern:** This is an accounting principle used for a company that is financially stable enough to meet its obligations and continue its business for the foreseeable future.

PREFACE

Pursuant to Article 96(3) of the Constitution, the Senate exercises oversight over national revenue allocated to the county governments. The Select Committee on County Public Investments and Special Funds is established pursuant to Standing Order No. 194 of the Senate Standing Orders and is mandated to-

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

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

This report covers the consideration by the Committee of the Auditor-General's reports on the financial statements of Vihiga County water company, municipality, hospital and funds for the Financial Year 2024/2025. The entities considered include Amatsi Water Services Company Limited, Vihiga Municipality, Vihiga County Referral Hospital, Vihiga County Climate Change Fund, Vihiga County Education Fund, Vihiga County Executive Car Loan And Mortgage Scheme Fund and Vihiga County Trade And Enterprise Fund.

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

COMMITTEE MEMBERSHIP

The membership of the Committee comprises the following Senators-

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

COMMITTEE SECRETARIAT

- | | |
|------------------------------|---------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Erick Njogu | - Clerk Assistant II |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Mr. Khatib Omar | - Clerk Assistant III |
| 5. Mr. Kennedy Owuoth | - Fiscal Analyst |
| 6. Mr. Jeremy Chabari | - Legal counsel |
| 7. Mr. Erick Osoi | - Research Officer I |
| 8. Ms. Linet Aseka | - Research Officer III |
| 9. Mr. Martin Mulandi | - Research Officer III |
| 10. Mr. Peter Katana Kahindi | - Research Officer III |
| 11. Ms. Janice Lekuton | - Research Officer III |
| 12. Ms. Hamun Abdille | - Research Officer III |
| 13. Mr. David Munene | - Research Officer III |
| 14. Mr. Josphat Ng'enh | - Research Officer III |
| 15. Mr. Victor Kimani | - Media Relations officer |
| 16. Mr. Fredick Okola | - Audio officer |
| | - Serjeant-at-arms |

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| 14. Mr. Josphat Ng'enh | - Media Relations officer. |
| 15. Mr. Victor Kimani | - Audio officer |
| 16. Mr. Fredick Okola | - Serjeant-at-arms |

ESTABLISHMENT OF THE COMMITTEE

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

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

REPORT STRUCTURE

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

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

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

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

CHAPTER FOUR is a record of the audit queries raised in the report of the Auditor-General for Vihiga funds (Vihiga County Education Fund, Vihiga County Executive Car Loan and Mortgage Scheme Fund and Vihiga County Trade and Enterprise Fund) for the Financial Year 2024/25, along with the Committee's observations and recommendations for each audit query.

	2024/25
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GENERAL OBSERVATIONS FOR THE WATER COMPANY

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

1. **Non-Revenue Water (NRW)** – The Committee observed the water company recorded NRW levels that significantly exceeded the sector benchmark of 25% prescribed by the Water Services Regulatory Board (WASREB). This was mostly attributed to physical losses from dilapidated infrastructure, commercial losses from inaccurate meter reading and billing, and illegal connections.
2. **Long Outstanding Trade Receivables-** Examination of Audit report for the financial year 2024/25 by the Committee revealed that the water company had huge amounts of receivable balances emanating from individuals, private and public institutions. The Committee noted that the trade receivable balances could not be supported by a detailed debtors aging analysis which would have guided on the most appropriate ways of collecting debts. The significant balance of outstanding debtors is an indication of Management’s inability to manage the debt portfolio which may result in bad debts and inability to deliver services. Further, failure to collect amounts receivable contravenes Regulation 46 (1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation states that an Accounting Officer shall inform his or her responsible County Executive Committee Member immediately of any circumstances that are likely to affect materially the budgetary results either through revenue and expenditure or other receipts and payments of the county government entity.
3. **Pending bills-** The committee observed that Water Company owed suppliers and other service providers pending bills. The significant balances owed to supplies of goods and services poses risk of incurring nugatory expenditure through interest and penalties that could arise from litigation by the creditors for failure to settle amounts owed within the contractual timelines. The Management of the Company did not provide detailed settlement plans to be followed to settle the outstanding debts.
4. **Ethnic Inclusivity** – The Committee observed that the water company were non-compliant with section 7 (1) and (2) of the National Cohesion and Integration Act, Cap.7N which provides, “*all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its establishment from the same ethnic community*” and Section 65(1) (e) of County Government Act, Cap.265 which provides, “*The need to ensure that at least 30% of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County*”. Amatsi Water had 74 out of 77 staff who were from the dominant community.

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5. **Non-transfer of assets and liabilities** – The Committee observed that the water company had not fully transferred all assets and liabilities from the defunct council and Regional Water Works Development Agency as is required by the Water Act, Cap.372. In this regard, the water company did not reflect its correct financial position within its books of account.

GENERAL RECOMMENDATIONS FOR THE WATER COMPANY

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

1. **Mitigation of Non-Revenue Water** – The Governor ensures that the Board of Directors and Accounting Officer should institute comprehensive measures to reduce Non-Revenue Water, addressing both physical and commercial losses. These measures should include the adoption of Geographic Information System (GIS) technology for real-time detection of bursts and leakages, installation of smart meters to ensure accurate billing, rehabilitation of dilapidated infrastructure, and the development of institutional anti-corruption policies with robust enforcement mechanisms to curb illegal connections. Furthermore, management should disclose the proportional breakdown of physical and commercial losses, expressed as percentages, in their periodic reports.
2. **Management of debt owed to the water company** – The Governor ensures that the Board of directors and Accounting Officer submit a debtors' schedule and a debt management policy to the Senate within 60 days of the adoption of this report and a copy of the same to the Auditor General. Further, the Governor ensures that the Board and Accounting Officer put in place recovery measures for the outstanding amount with clear timelines; failure to do so will result in the Committee recommending appropriate enforcement measures.
3. **Compliance with Ethnic Inclusivity and Diversity Requirements** – The Governor ensures that the Board and County Government to make deliberate efforts to progressively comply with section 7 (1) and (2) of the National Cohesion and Integration Act and Section 65(1) (e) of the County Governments Act on diversity, realization of the one-third rule on recruitment in public institutions and ethnic inclusivity. In addition, the Board and the County Governments should establish a diversity policy to comply with the law. Compliance status shall be reviewed in subsequent audit periods.
4. **Resolution of Asset and Liability Transfer Disputes** - The Council of Governors should engage the Ministry of Water, Sanitation and Irrigation, the Water Services Regulatory Board (WASREB), the Regional Water Works Development Agencies and the Inter-Governmental Relations Technical

Committee to settle the matter on the transfer of the assets and liabilities as required by the Water Act.

GENERAL OBSERVATIONS FOR MUNICIPALITY

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

1. **Asset Management-** The Committee observed that the assets belonging to municipality were still being held and managed by the county executive. Consequently, this made the municipality not to maintain and update the asset registers which was contrary to section 104(1)(h) of the Public Finance Management Act, 2012 . Thus, the true financial position of the municipality could not be reflected in the financial statements.
2. **Sustainability and Delivery of Services-** The Committee observed that municipality was not adequately funded as envisaged in the municipality charter. This may hinder delivery of services as envisaged in the municipality charter. This is in accordance with section 172 of the public Finance Management Act, 2012.

GENERAL RECOMMENDATIONS FOR THE MUNICIPALITY

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

1. **Transfer of Assets and Maintenance of Asset Registers** – The Governor ensures that The County Executive Committee member responsible for finance and economic planning shall, within sixty (60) days of the adoption of this report, execute a formal instrument transferring custody and management of all assets belonging to the municipality. Upon transfer, the Municipal Manager shall immediately cause the preparation and regular updating of a comprehensive fixed asset register in compliance with Section 104(1) (h) of the Public Finance Management Act, 2012, and National Treasury guidelines. A copy of the transferred asset register shall be submitted to the Auditor-General within sixty (60) days of completion.
2. **Funding of the Municipality-** The Governor ensures that the County Treasury adequately funds the municipality so that delivery of services to the residents are as envisaged in the Municipality charter in accordance with section 172 of Public Finance Management Act, 2012; failure to do so will result in the Committee recommending appropriate enforcement measures.

GENERAL OBSERVATIONS FOR THE HOSPITAL

The Committee observed that-

1. **Employment and Contractual Issues:** The Committee observed that many healthcare workers under the Universal Health Coverage (UHC) program are engaged on short-term contracts without clearly defined renewal terms, creating significant job insecurity. This instability can lead to high turnover rates, affecting the quality and continuity of healthcare services in public facilities. Additionally, the contractual terms and conditions for UHC workers often lack clarity and transparency, leading to misunderstandings and potential exploitation.
2. **Resource and Infrastructure Constraints:** The Committee observed that healthcare workers frequently operate in facilities that lack essential resources, including adequate medical supplies and equipment necessary for the delivery of quality care. This shortage of basic resources is demoralizing for healthcare professionals and significantly limits the overall effectiveness of service delivery to patients.
3. **Inaccuracies of the Financial Statements** - The Committee observed that there were inaccuracies and errors in regards to the preparation and presentation of financial statements in the hospital. Further, the management faced challenges in submitting supporting documents to the auditors on time, contrary to Section 62 of the Public Audit Act, Cap. 412B. This impedes the accountability and audit process. The persistent delays in preparing complete financial statements indicate a lack of requisite competencies and experience within the hospital finance department.
4. **Weak Budgetary Control and Performance**– the Committee observed that the hospital exhibit weaknesses in budget execution and fail to adhere to approved budget ceilings for programs. The hospital was observed to under-utilize appropriated funds. In some instances, funds were reallocated to items that were not budgeted for without prior approval by the management. Additionally, the hospital experienced high revenue shortfalls attributable to unrealistic budgeting and poor revenue forecasting.
5. **Deficient Asset Register:** The Committee observed that the hospital failed to maintain an updated fixed asset register as required by Section 149(2) (o) of the Public Finance Management Act, 2012, Cap. 412A. As a result, the hospital is unable to reflect its correct financial position in its books of account, exposing assets to risk of loss, misuse, or misappropriation.

GENERAL RECOMMENDATIONS FOR THE HOSPITAL

The Committee recommends that-

1. **Regularization of UHC Worker Contracts** – The Governor ensures that The County Public Service Board, in collaboration with the County Executive Committee member for health and the Ministry of Health, should regularize UHC workers' contracts to ensure job security by offering either permanent or long-term contracts based on performance and service needs. Additionally, the roles of the national and county governments regarding UHC employment, funding, and healthcare delivery should be clearly defined to ensure better accountability and streamlined management of resources.
2. **Investment in Essential Medical Resources** – The Governor ensures that the County Government should prioritize investment in essential medical resources, including adequate medical supplies, protective gear, and functioning equipment. This investment will enable healthcare workers to provide effective care and sustain their motivation to serve in underserved areas.
3. **Compliance with Record Keeping and Audit Requirements** – The Governor ensures that the management ensures proper record keeping and provide all supporting documents to the Auditor-General in accordance with Section 9(1) (e) of the Public Audit Act, Cap. 412B, during the audit period, and adhere to the provisions of the Accountants Act, Cap. 531. Failure to comply shall result in the Committee invoking Section 62 of the Public Audit Act.
4. **Capacity Building on Financial Reporting Standards** – The Governor ensures that the management, in consultation with the Public Sector Accounting Standards Board (PSASB), facilitate continuous capacity building on financial reporting standards for finance officers and management in hospitals to improve the quality of reporting and enhance compliance. The Governor should ensure that accountants possess the requisite competency and experience in financial management as required by the Accountants Act. Furthermore, the Governor ensures that the Accounting Officer complies with the financial reporting template prescribed by the National Treasury. These measures will strengthen the maintenance of books of accounts, improve the preparation of financial statements, and ensure timely submission of statements and documents to the Auditor-General.
5. **Preparation of Realistic Budgets and Revenue Projections** – The Governor ensures that the management prepares realistic budgets and revenue projections to avert revenue shortfalls that negatively impact hospitals' service delivery. In the budget preparation process, the Board should consider previous budgetary allocations and ensure that any proposed increases are reasonable and justified. Additionally, the Governor ensures that the management seeks the necessary approvals by forwarding budget estimates to the County Executive Committee

member for health, who shall then submit them to the County Treasury as required by law. Further, hospitals should automate their billing systems to enhance revenue collection and financial control.

6. **Transfer of Assets and Maintenance of Fixed Asset Registers** - The Governor should ensure that all assets are formally transferred to hospital to enable them to reflect their true financial position in their books of account. The Governor ensures that the management should ensure that hospital maintains an updated fixed asset register pursuant to Section 136(1) of the Public Finance Management (County Government) Regulations, 2015, in the format prescribed by the National Treasury, and submit the same to the Auditor-General within sixty (60) days of the adoption of this report.

GENERAL OBSERVATIONS FOR THE FUNDS

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

1. **Weak Budgetary Control and Performance**– the Committee observed that the funds exhibit weaknesses in budget execution and fail to adhere to approved budget ceilings for programs. The funds were observed to either under-utilize or over-utilize appropriated funds. In some instances, funds were reallocated to items that were not budgeted for without prior approval by the management. Additionally, the County funds experienced high revenue shortfalls attributable to unrealistic budgeting and delayed disbursement of funds by the National Treasury.

GENERAL RECOMMENDATIONS FOR THE FUNDS

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

1. **Weak Budgetary Control and Performance** – The Governor ensures that the management of the county funds should prepare realistic budgets and revenue projections to prevent issues of revenue shortfalls. In the process of preparing the budget, the management should consider the previous budgetary allocation and if the current budget is to increase, it should be reasonable. In addition, the management should seek the necessary approval by forwarding the budget estimates to the relevant County Executive Committee member, who shall then forward it to the County Treasury as required by the law.

ACKNOWLEDGEMENTS

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

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

SIGNED: 

DATE: 23/03/2026

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

ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF VIHIGA COUNTY WATER COMPANY, MUNICIPALITY, HOSPITAL AND FUNDS FOR THE FINANCIAL YEAR 2024/2025 (1st JULY, 2024 TO 30th JUNE, 2025)

SECTOR	NO.	ENTITY
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HOSPITAL	1	VIHIGA COUNTY REFERRAL HOSPITAL
FUNDS	4	VIHIGA COUNTY CLIMATE CHANGE FUND
		VIHIGA COUNTY EDUCATION FUND
		VIHIGA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND
		VIHIGA COUNTY TRADE AND ENTERPRISE FUND

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

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

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CHAPTER ONE: WATER COMPANY

1.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR AMATSI WATER SERVICES COMPANY LIMITED FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 21st January 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Amatsi Water Services Company Limited for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere- CECM- Finance
2. Mr. Aggrey B Musiega- County Attorney
3. Ms. Josphine Nyambasi- Managing Director, Amatsi Water

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Amatsi Water Services Company Limited for the period under review on the following basis-

1. Inaccuracies in the Financial Statements

Review of the financial statement in comparison with the ledgers provided for audit revealed variances as detailed below:

Note	Component	Financial statement	Ledger	Variance
6	Operating revenue	113,507,591	114,854,309.75	1,346,718.75
10	Licensing and levies	9,769,562	4,029,565	5,739,997
10	Others	11,001,218	8,489,551	2,511,667
10	Audit Fees	272,600	1,250,691	(978,091)
12	Maintenance Expenses	22,289,408	22,442,947	153,539.00
Total				8,773,830.75

In the circumstances, the financial statements may not reflect a true and fair view of the financial position of the company.

Management Response

Management stated that;

The Financial Statement figure of Kshs 113,507,591 is a summation of the ledger balance as at 30th June 2025 and had the following breakdown;

Operating Revenue

1. Water sales	100,739,125
2. Sewer income	8,868,446
3. Connection fees	1,293,000
4. Water bowser	<u>2,607,000</u>
	<u>113,507,591</u>

The figure of Kshs. 114,854,309.75 was queried in the system by the auditor during the Audit exercise in October 2025 where other transactions/entries had already been made thus giving different ledger amounts. This was the cause of the variance of Kshs. 1,346,718.75. Hence the figure Kshs.113,507,591 was correctly reported in the Financial Statements as supported by ledgers.

Committee Observation

The Committee observed that there were inaccuracies that arose from incorrect ledgers supporting financial statements contrary to section 81(3) of the Public Finance Management Act, 2012, the Committee was informed that the correct ledgers had since been provided and that the anomalies would be corrected in the subsequent audit cycle.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. the Governor ensures that the accounting officer adheres to section 81(3) of the Public Finance Management Act, 2012, failure to which the**

- provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;
- iii. the Governor ensures that the Accounting Officer complies with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;
 - iv. the Governor ensures that the Accounting Officer strengthens internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
 - v. the Governor ensures that the Accounting Officer enhances the capacity of in-post officers preparing financial statements to comply with the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements

2. Unsupported Sitting Allowance Rates Paid to Board Members

The statement of profit or loss and other comprehensive income and as disclosed in Note 11 to the Financial Statement reflects board expenses of Kshs. 2,131,554. However, the following anomalies were noted:

- i. Included in this amount is Kshs.1,155,400 being sitting allowances paid to the board members. Scrutiny of the payment vouchers revealed that the board members were paid sitting allowances at different rates. However, these rates were not supported by any policies or regulations. The management did not provide a clear explanation as to how the rates for sitting allowances paid to the board members was implemented.
- ii. Review of the supporting documents revealed that no board assessment was conducted in the year under review. The Company did not undertake an annual board evaluation exercise in order to identify strengths, collective skills gap and individual areas of improvements for the board members which is contrary to Section 3.8 of the Corporate Governance Standards for the Water Services Sector (Water Services Regulatory Board), 2024.

iii. During the year under review, the Board of Amatsi Water Services Company operated without a work plan. It was not clear how the board implemented its activities or plans during the year under review without a work plan contrary to Section 3.5.1 of the Corporate Governance Standards for the Water Services Sector (Water Services Regulatory Board), 2024 which directs that the board of directors must ensure that there is an annual work plan that shows on annual basis how it will implement its strategic plan.

In the circumstances, the accuracy and regularity of board expenses of Kshs.2,131,554 could not be confirmed.

Management Response

Management stated that;

i) The Salaries and Remuneration Commission (SRC) circular of 16TH April 2014 provides for Board sitting allowances as follows

Chairperson- 15,000

Vice Chair Person- 12,000

Member- 10,000

The company pays as follows

Chairperson 14,000

Member-10,000

The variance in payment arose whenever sub-committees of the Board met, where the following rates were applied.

Sub-Committee of the Board Chair-10,500

Sub-Committee of the Board member 7,000

The allowances paid to the sub-committees of the Board members varies because the meetings are deemed not to be full Board meetings and also due to the financial capacity of the Company.

Committee Observation

The Committee observed that –

- i. the water company paid sitting allowance to board members, where the rates were not supported by any policy or regulation,
- ii. the water company did not submit a work plan for the financial year under review and no board assessment was conducted that year.

Committee Recommendation

The Committee recommends that the Governor ensures that the accounting officer develops and implements a work plan for its activities and plans in every financial year and The Auditor General to keep this matter in view in the subsequent audit cycle.

3. Trade and Other Receivables

The statement of financial position and as disclosed in Note 19 to the financial statements reflects trade and other receivables balance of Kshs.96,110,958. Review of ledgers and supporting documentation revealed the following anomalies:

- i. Included in this balance is trade receivables balance totaling to Kshs.64,359,671.32 or 65% of the total trade receivables that was outstanding for more than three sixty-five (365) days. Management did not provide documentary evidence in form of correspondences with the customers indicating efforts made to recover the outstanding amounts from debtors.
- ii. The Company did not maintain an updated receivables' ledger that reflects opening balances, amount accrued during the year, payments received and balances carried forward.
- iii. Included in the trade and other receivables balance of Kshs.96,110,958 is Kshs.1,025,192.75 in respect to debit balances in the ledger that should ideally be classified as prepayments. However, the management has offset this debit against the gross receivables which is contrary to IAS 32.42, which provides that an entity shall not offset assets and liabilities or income and expenses.
- iv. Management provided for doubtful debts totaling to Kshs.3,217,984; resulting to net trade receivables of Kshs.96,110,958. However, a schedule to show how the provisions were arrived at was not provided for audit review.

In the circumstances, the accuracy, completeness and recoverability of the trade receivables balance of Kshs. 96,110,958 could not be confirmed.

Management Response

Management stated that;

- i) The amount Kshs. 64,359,671.32 has been outstanding for more than 365 days. Management has initiated efforts to reduce the receivables.

The measures include:

- a) Reminders to customers through issuance of demand letters.

- b) Disconnections of customers with huge outstanding bills as a reminder to pay their bills when they fall due.
 - c) Engaging customers through part payment agreements to reduce their outstanding bills.
 - d) Conducting Rapid Results Initiatives (RRI) exercise for customer follow-ups.
- ii) The company relied on the system generated register that has the following components; date, description, amount, opening balance and closing balance. The Individual customer ledgers also have both opening balance and closing balance.
 - iii) During preparation of the financial statements, the figure of Kshs 1,025,192.75 was recognized as an under cast under receivables and has been corrected by passing a journal entry to be effected in the subsequent year 2025/2026 under prior year adjustment.

Committee Observation

The Committee observed that the company's trade receivables of Kshs.64,359,671.32 or 65% of the total trade receivables that was outstanding for more than three sixty-five (365) days.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits a debtors' schedule to the Auditor-General for verification and review and update the Committee in the subsequent audit cycle;**
- ii. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;**
- iii. the Governor ensures that the Accounting Officer, within 60 days of the adoption of this report, puts in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and**
- iv. the Governor ensures that the Accounting Officer undertakes a detailed ageing analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.**

4. Long Outstanding Payables

The statement of financial position and as disclosed in Note 25 to the financial statements reflects trade and other payables balance of Kshs.93,060,738. Review of documents provided for audit, revealed that payables totaling Kshs.19,612,132 have remained outstanding for a period of more than three years without settlement. The Management did not explain why the pending amounts were not treated as first charge during the 2024/2025 financial year. This was contrary to The National Treasury Circular No.10/2020 dated 16 June, 2020 on prioritization of accounts payables.

It was also noted that the payables were not separated into current and non-current payables as per the aging analysis which revealed current payables of Kshs.40,556,733 and non-current payables of Kshs.52,504,005.

In the circumstances, Management was in breach of the law.

Management Response

Management stated that;

The Management has a payment plan as evidenced by the standing orders with the banks and part-payment agreements with some creditors.

Efforts are also being made to improve on our revenue collections to enable the company clear all outstanding payables.

All payables accrued by the company are current liabilities in nature since they are supposed to be settled as the first charge in the subsequent year. The company therefore did not have non-current payables.

Committee Observation

The Committee observed that water company had payables totaling Kshs.19,612,132 that remained outstanding for a period of more than three years without settlement.

Committee Recommendation

The Committee recommends that-

- i. within sixty (60) days of the adoption of this report, the Accounting Officer engages the relevant entities to formulate a repayment plan for the payables and file a report on the same with the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle;
- ii. the Governor to ensures the water company makes budgetary provision to clear the outstanding payables by the end of the FY 2026/2027 and provide a status update to the Senate within 60 days of the adoption report; and

- iii. **the Governor ensures that the County Executive Committee Member in charge of water continuously monitors the financial performance of the water company in line with section 184 of the Public Finance Management Act, 2012 and report on the same to the County Executive Committee, making recommendations on how the water company can improve its performance.**

5. Unsupported Refundable Deposits

The statement of financial position and as disclosed in Note 26 to the financial statement reflects refundable deposits and prepayments balance of Kshs.18,016,175. Review of ledgers and other supporting documents revealed the following concerns:

- i. The customer deposit bank statement reflects an opening balance of Kshs.441,595 which is at variance with customer's deposits opening balance as at 1 July, 2024 of Kshs.14,179,462 resulting to an unreconciled variance of Kshs.13,737,867.

Similarly, the customer deposit balance as at 30 June 2025 of Kshs.16,990,982 is at variance with the bank statement balance of Kshs.900,406.85 resulting to a variance of Kshs.16,090,575.15.

In the circumstances, the accuracy and completeness of refundable deposits and prepayments balance of Kshs.18,016,175 could not be confirmed.

Management Response

Management stated that;

- i) The figure of Kshs 14,179,462 reported as the opening balance in the ledger includes the Kshs 441,595 opening balance in the customer deposit account. The variance of Kshs 13,737,867 is the unverified amounts from the customer deposits ledgers that were received from the defunct local authorities at the inception of the Company.

- ii) The amount of Kshs.16,090,575.12 consists of the unverifiable amount of Kshs.13,737,867 resulting to a variance of Kshs.2,352,707.15 which was a refundable borrowing made by the Company.

Committee Observations

The Committee observed that there was an unexplained variance of Kshs.13,737,867 in the customer deposit bank statement and the customer deposits which the water company attributed to customer deposit ledgers that were received from the defunct local authorities at the inception of the company.

Committee Recommendations

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer should, within 60 days of the adoption of this report, reconcile the bank statement balance with the amount reported in the financial statement.
- ii. the Governor ensures that the Accounting Officer complies with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;
- iii. the Governor ensures that the Accounting Officer takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
- iv. the Governor ensures the Accounting Officer strengthens internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.

6. Non-Revenue Water

Review of water production and consumption records revealed that the Company produced 2,551,161 cubic meters of water valued at approximately Kshs.229,604,490 but only billed 1,433,843 cubic meters approximately valued at Kshs.100,173,600. This resulted into a loss of 1,117,318 cubic meters valued at Kshs.89,184,536 or 44% of total production. This is over and above the allowable loss of 25% as provided by schedule E of Water Services Regulatory Board (WASREB) guidelines.

In the circumstances, the Company is likely to continue incurring huge financial losses in future for failure to collect revenue accruing from the unaccounted-for water.

Management Response

Management acknowledges the Auditor's observations on NRW and states that an approved NRW reduction strategy is being implemented. The high NRW levels are attributable to aging and dilapidated infrastructure, heavy rainfall that causes siltation

to meters, pipeline damage during road works, vandalism and water theft. Management has proposed pipe replacement under the Vihiga Cluster Project, intensified meter servicing, coordination with the government during road works, procured motorbikes for efficiency in response and collaboration with the water police unit.

Committee Observation

The Committee observed that the Non-Revenue Water was 44% which was way above the sector benchmark of 25% prescribed by the Water Services Regulatory Board (WASREB) guidelines.

Committee Recommendation

The Committee recommends that—

- i. the Governor should ensure that the Accounting Officer puts in place comprehensive measures to mitigate on the Non-Revenue Water, that is, both physical and commercial losses. The measures to include replacement of old age dilapidated infrastructure, installation of smart meters for accurate billing and the application of Geographical Information System (GIS) to receive real-time data for the detection of bursts and leakages among other measures. The Auditor-General to review the implementation of the measures put in place to mitigate the Non-Revenue Water and provide a status update on the matter in the subsequent audit cycle;
- ii. the Governor ensures that the Accounting Officer segregates NRW to both Physical or Commercial so that the water company can ascertain and identify specific mitigating measures to effectively address and reduce the NRW levels; and
- iii. the County Government to collaborate with the Ethics and Anti-Corruption Commission to ensure pre-emptive measures are put place to reduce cases of theft and illegal connections.

7. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.24,601,139. However, the following anomalies were noted:

- i. In Note 16 to the financial statements, land had nil net book value yet the company owned land in Maseno, Mbale, Chango, Vihiga and Sosian. Further, ownership documents for the lands were not provided for audit review.
- ii. In Note 16 to the financial statements, buildings also had nil net book value, yet there were buildings in all the stated locations.

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- iii. Ownership documents with respect to 500 solar panels in Maseno and a soda ash and aluminum sulphate reagent house in Maseno were not provided for audit review.

In the circumstances, accuracy, completeness, ownership and valuation assertions with regards to the Property, Plant and Equipment could not be confirmed.

Management Response

Management stated that;

The land is registered under Lake Victoria North Water Works Development Agency (LVNWDDA) and the County Government of Vihiga. The Company has initiated transfer from Lake Victoria North Water Works Development Agency and upon handover, management will initiate property, plant and equipment valuation for inclusion in the subsequent year reporting.

Committee Observation

The Committee observed that the water company had not submitted ownership documents for the lands during the audit.

Committee Recommendations

The Committee recommends that—

- i. **the Governor ensures that the water company secures full ownership of the queried property, plant and equipment and provide a status update to the committee within 60 days of adoption of this report;**
- ii. **the Governor ensures that the Accounting Officer timely submission of documents by the Accounting Officer during the audit process in line with section 9 (1)(e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act, 2015;**
- iii. **the Governor ensures that the Accounting Officer ensures that the water company maintains an up-to-date asset register in the format prescribed by the Public Sector Accounting Standards Board (PSASB) and the company to carry out a valuation of all its assets and submit the same to the Auditor-General within 60 days from the adoption of this report;**
- iv. **the Governor engages the Intergovernmental Relations Technical Committee (IGTRC) to ensure that the process of transfer of all assets and liabilities are completed in a timely manner; and**

- v. **the Auditor-General to undertake physical verification of all assets of the water company and provide a status report to the Committee within 60 days from the adoption of this report.**

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on a comparable basis of Kshs. 223,573,663 and Kshs163,287,881 respectively. Similarly, the Company recorded expenditure of Kshs. 167,739,522 against an expenditure budget of Kshs. 201,389,389 resulting in an under-absorption of Kshs. 33,649,867 or 27% of the approved budget.

Management Response

Management Stated that;

Under collection of revenues was occasioned by frequent power disruptions that interrupted water supply to customers, pipeline vandalism during road construction works, heavy rainfall and illegal water connections.

Under absorption resulted from the inability to attain revenue targets during the year under review.

Committee Observation

The Committee observed that water company had an under-absorption of Kshs. 33,649,867 or 27% of the approved budget.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. **the National Treasury ensures timely disbursement of funds to counties.**

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025.

Management Response

Management stated that;

Management acknowledges the observation made by the auditor and notes that most of the issues raised under prior year matters were addressed as illustrated in the action column.

Committee Observation

The Committee observed that the query remains unresolved as the management of the water company did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2023/2024.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer resolves any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and
- ii. the Governor ensures the accounting officer submits a detailed status report on the mitigation measures taken to resolve prior year matters within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor-General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

1. Employees in Acting Capacity Beyond the Stipulated Period

Review of the human resource records revealed that Management paid Kshs.553,086 as acting allowances to seven (7) members of staff who have been in acting positions for more than six (6) months. This was in contravention of paragraph C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting

allowance at the rate of twenty percent (20%) of his substantive basic salary and that acting allowance will not be payable to an officer for more than six (6) months.

In the circumstances, Management was in breach of the law.

Management Response

Management acknowledges the auditors' observation and notes that the company had only employed three Scheme Supervisors against five Company schemes. It was also left with two water operators when two others were assigned other duties within the Company creating a gap of three water supply operators. The company had only three pump attendants against its five schemes. These staff were paid the allowances as they continued to serve in the said positions. Moving forward management shall comply with the law regarding acting.

Committee Observation

The Committee observed that 7 members of staff had been in acting positions for more than six months contrary to paragraph C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

Committee Recommendation

The Committee recommends that the Governor ensures that the accounting officer submits the measures taken to comply with paragraph C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, to the Senate and a copy to the Auditor General, within 60 days of the adoption of this report. The Auditor General keep this matter in view in the subsequent audit cycle.

2. Non-Compliance with Quarterly Financial Reporting

Amatsi Water Services Company Ltd. failed to prepare and submit quarterly financial reports to the County Treasury and the Office of the Auditor General contrary to Regulation 64 (1 and 4) of the Public Finance Management (County Government) Regulations, 2015.—

Consequently, Management was in breach of the law.

Management Response

Management has been preparing financial management reports and presenting them to the board quarterly. Going forward, quarterly financial reports shall be prepared and submitted to the relevant bodies as required by Regulation 64 (1 and 4) of the Public Finance Management (County Government) Regulations, 2015.

Committee Observation

The Committee observed that the Water Company failed to prepare and submit quarterly financial reports to the county treasury.

Committee Recommendation

The Committee recommends that the Governor ensures that the Accounting Officer of the water company prepares and submits to the County Treasury, quarterly reports regarding the financial and non-financial status of the water company in accordance with section 166 of the Public Finance Management Act; failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply.

3. Non- Compliance with Law on Ethnic Composition

Review of human resource documents revealed that the Company had seventy seven (77) employees during the year, out of whom seventy four (74) or approximately ninety-six percent (96%) were from the dominant community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

Management Response

Management acknowledges the observation and notes that the staff were inherited from defunct local authorities as it was. Currently management advertises positions internally and externally to help monitor staff composition and promote diversity in line with the National Cohesion and Integration Act, 2008.

Committee Observation

The Committee observed that the query remains unresolved as 74 of the total employees comprised of staff from one dominant ethnic community thus there was no ethnic diversity among the company employees.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Board and the accounting officer make deliberate efforts to progressively comply with section 65 of the County Governments Act, 2012 which provides that at least thirty percent 30% of the vacant posts at entry level be filled by candidates who are not from the dominant ethnic community; and

- ii. **the Governor ensures that the Board and the accounting officer make deliberate efforts progressively in the endeavor to comply with Section 7 (1) and (2) of the National Cohesion and Integrity Act, 2008, which requires that public establishments shall seek to represent the diversity of the people of Kenya in employment of staff.**

4. Failure to Observe Reservations in Employment

Documentation provided for audit review revealed that there is a total of seventy-seven (77) employees out of which, only two (2) are persons with disabilities; representing 2.6% of the total population; contrary to Section 13 of the Persons with Disabilities Act which requires the Council to secure the reservation of five per cent (5%) of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities. In addition, out of the two (2) persons with disabilities, none is female; hence no gender balance.

Management Response

The two (2) officers identified as persons with disabilities are female and male. Their valid disability certificates were provided for audit review. Management remains committed to progressively enhancing compliance with the 5% reservation requirement under the Persons with Disabilities Act in future recruitment exercises.

Committee Observation

The Committee observed that only two persons from (77) employees are Persons with Disabilities.

Committee Recommendation

The Committee recommends that the Governor ensures that the water company ensures that 5% of all casual, emergency and contractual positions is reserved for persons with disabilities in accordance to Section 13 of the Persons with Disabilities Act.

5. Lack of Climate Change Unit

Review of climate change financing during the year under review revealed the following:

- i. There was no designated unit with adequate staff and financial resources to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation;
- ii. There was no integration of the climate change action plan into sectoral strategies and action plans.

This is contrary to Section (5)(a) and (c) of the Climate Change Act, 2023 which requires each entity to integrate the climate change action plan into sectoral strategies, action plans and other implementation projections for the assigned legislative and policy functions; and designate a unit with adequate staff and financial resources and appoint a senior officer as head of the unit to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions and mandates into sectoral strategies for implementation.

In the circumstances, Management was in breach of the law.

Management Response

Management stated that;

- i) Management has formed a Resource mobilization and Climate Change Committee.
- ii) The Company's Climate Change Unit has aligned its action plans to the County's Department of Environment and Climate Change action plan and sectoral strategies. In addition, the Company partners with the Department of Environment and Climate Change during special events like World Wetlands Day and World Water Day.

Committee Observation

The Committee observed that the water company did not have a Climate Change Unit.

Committee Recommendation

The Committee recommends that the Governor ensures that the County Executive Committee Member (CECM) - Finance ensures that the water company puts in place all internal control systems such as the Climate Change Unit as provided Section (5)(a) and (c) of the Climate Change Act, 2023 among others to guide the internal operations of the water company. Further, the management to submit evidence of the same to the Senate and a copy of the same to the Auditor General for verification.

6. Non-Compliance with Public Procurement Capacity Building Levy

Management of Amatsi Water Services Company Limited did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority for all contracts during the year contrary to Section 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and the procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

In the circumstances, Management was in breach of the law.

Management Response

Management acknowledges the observations made by the auditor and has already complied by paying what was due.

Committee Observation

The Committee noted that the water company did not remit 0.03% capacity building levy to the Public Procurement Regulatory Authority at time of audit. However, the water company later remitted the required 0.03% capacity building levy.

Committee Recommendation

Noting the mitigation measures, the Committee recommends that the matter be marked as resolved.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

1. Incomplete Billing Records

Review of the registered customers database indicated that Amatsi Water Company had a customer base of 12,161 customers. However, the following concerns were noted:

- i. Management did not maintain a physical/digital stock register of all inactive/disconnected meters to show meters returned to store, reissued, vandalized, or those held in store after disconnection/termination, thereby making it difficult to ascertain the exact number of active customers.
- ii. Five hundred and forty-four customers (544) customers lacked mobile phones, yet billings were conducted exclusively through a mobile application known as Maji Soft and the management did not provide an alternative billing mechanism for customers without mobile phones.
- iii. There is partial integration between the billing system and the payment system where only M-PESA transactions could be traced to the system. Bank payments were manually reconciled between the billing report and payments report for individual customers in order to determine their outstanding balances, which may be prone to errors.

Lack of key information and records is a matter of concern given that Amatsi Water Services Company Limited is not realizing its full revenue potential which may lead to

cashflow issues and affect the entity's operational capacity due to unbilled or uncollected amounts from inactive and customers without mobile numbers.

Management Response

i)The management maintains a register for issued meters and those returned to stores. Moving forward, management shall document a register for reissued meters, vandalized, and those held in stores after disconnection/ termination. Additionally, during disconnection, customer meters are not physically evacuated from the ground.

ii)Majisoft billing system has a provision for both mobile and paper bill issuance hence Institutions and individual customers without phone numbers receive paper bills.

iii)Management acknowledges the auditors' observation and notes that the system is designed to capture payments made through M-Pesa module and the bank module. Currently, it only recognizes M-Pesa payment. The Company communicated and is waiting for the billing software vendor and KCB bank to finalize on the host-to-host platform.

Committee Observation

The Committee observed that the management did not maintain a physical/digital stock register of all inactive/disconnected meters where lack of key information and records is a matter of concern given that Amatsi Water Services Company Limited is not realizing its full revenue potential which may lead to cashflow issues and affect the entity's operational capacity.

Committee Recommendation

The Committee recommends that—

- i. The Governor ensures that the Accounting Officer maintains an updated physical/digital stock register of all inactive/disconnected meters to show meters returned to store, reissued, vandalized, or those held in store after disconnection/termination and submit a status report of the same to the Senate within 60 days of the adoption of this report; and**
- ii. The Auditor-General to keep this matter in view in the subsequent audit cycle.**

CHAPTER TWO: MUNICIPALITY

2.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 21st January 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga Municipality for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere- CECM- Finance
2. Mr. Paul Bahari Ayodi- Municipal Manager
3. Mr. James Atemba Khalayi- Chief Officer

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Vihiga Municipality for the period under review on the following basis-

1. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 8 to the financial statements reflects a balance of Kshs.574,044,658 in respect of property, plant and equipment which comprise of Kshs.541,201,572 for Infrastructure and Civil Works, Kshs 32,391.001 for Motor Vehicles and Kshs.452,000 for computers. However, Management did not maintain a standard asset register for infrastructure, motor vehicles, furniture and fittings and computer. Further, depreciation rates and charge on property, plant and equipment have not been disclosed in the financial statements. In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs. 574,044,573 could not be confirmed.

Management Responses

Management stated that;

The management acknowledges the auditors finding and responds as follows. The county maintains an automated assets register shared with all its entities. A comprehensive and standardized asset register was prepared and captures detailed information on all categories of assets, including infrastructure and civil works, motor vehicles, furniture and fittings. Depreciation rates and charge on property were not disclosed in the financial statements because no depreciation was charged during the year under review because the depreciation policy was not in place to guide in depreciation rates. However, the county has now an approved assets and liabilities policy which will guide on assets management, depreciation being among them.

Committee Observation

The Committee Observed that—

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- i. The municipality did not have an updated fixed asset register that had not been tagged and therefore lacked tag numbers.
- ii. The Municipality did not disclose the depreciation rates were not disclosed in the financial statements.

Committee Recommendation

The Committee recommends that the Governor ensures that—

- i. the Accounting Officer prepares an updated asset register within 60 days of the adoption of this report and submit to the Auditor General for verification;
- ii. the accounting officer maintains an accurate and up-to-date asset register in the format prescribed by the Public Sector Accounting Standards Board pursuant to section 104(1) (h) of the Public Finance Management Act 2012, failure to which penalties under section 199 of the Public Finance Management Act shall apply;
- iii. the accounting officer undertakes adjustments to the financial statement so as to reflect the true value of the assets and the Auditor-General should keep the matter in view in the subsequent audit cycle; and
- iv. the Accounting Officer ensures that the process of development of a depreciation policy is completed in accordance to the PSASB requirements within sixty (60) days of the adoption of this report and submit the same to the Senate within 60 days of the adoption of this report.

2. Lack of Motor Vehicle Ownership Documents

The statement of financial position and as disclosed in Note 8 to the financial statements reflect a balance of Kshs.574,044,658 in respect of property, plant and equipment. Included in this balance are motor vehicles valued at cost amounting to Ksh. 32,391,000. However, these motor vehicles are registered under County Government of Vihiga and not the Municipal Board. This is contrary to section 12(2)(b) of Urban Areas and Cities Act, 2011 which states that the board of an area granted the status of a city or municipality under this act shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name be capable of taking, purchasing or otherwise, acquiring, holding, charging or disposing of movable or immovable property. In the circumstances, the ownership of the motor vehicles balance of Kshs.32,391,000 could not be confirmed.

Management Response

Management stated that;

The management acknowledges the audit finding and responds as follows, The Municipal board, in collaboration with the County Government, is in the process of facilitating the formal transfer and registration of all relevant assets into the name of the Vihiga Municipal Board. The process is at an advanced stage and is expected to be finalized within the current financial year to ensure proper ownership and accountability.

Committee Observation

The Committee observed that Vihiga municipality had motor vehicles valued at Ksh. 32,391,000 registered under County Government of Vihiga and not the Municipal Board.

Committee Recommendation

The Committee recommends that—

- i. within sixty (60) days of the adoption of this report, the Governor of Vihiga County ensures that the ownership of all assets being utilised by the Municipality be transferred from the County Executive to the Municipality; and**
- ii. the Governor of Vihiga County ensures that operational autonomy and independence of the Municipality of Vihiga is fully actualized in line with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act; and**
- iii. the Auditor-General to monitor the implementation of the above recommendation and provide a status update on the same during the subsequent audit cycle.**

Emphasis of Matter

Sustainability and Delivery of Services

The statement of comparison of budget and actual amounts reflects a nil amount for actual funding during the year under review which cast doubt on the sustainability and delivery of the services to the residents as envisaged in the Municipality charter may not be achieved. In the circumstances, the functions of the Municipality may not be achieved.

Management Response

The management acknowledges the finding and responds as follows; The department of Physical planning Lands and Urban Development has a sub vote for the municipality in the Financial year 2025/2026 but since the municipal board did not have an

operations account, the department was not able to transfer the funds The Municipal board has now opened an account and the funds will be transferred. The board is also actively engaging with the County treasury to establish a dedicated vote head that will specifically cater for the services now under the municipality's mandate. The municipality is working with other partners e.g M Taka for solid waste management and World Bank for the implementation of some of its mandates and projects as outlined in the Integrated Development plan (IDeP). Appendix iii a) Vihiga Municipal Board Operations account b) Budget for the department of Physical planning Lands and urban Development.

Committee Observation

The Committee observed that the municipality was not adequately funded as envisaged in the Municipality charter.

Committee Recommendation

The Committee recommends that the Governor ensures the County Treasury adequately funds the municipality so that delivery of services to the residents are as envisaged in the Municipality charter in accordance with section 172 of Public Finance Management Act, 2012 failure to which, provisions of section 199 of the Public Finance Management Act on penalties for offenses shall apply.

Other Matter

Unresolved Prior Year Matters

The following issues 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 implementation by the Vihiga Municipal Board in the previous audit reports remain unresolved.

Management Response

The management acknowledges the finding and below is the current status of implementation;

	Financial Year	Audit Issue	Current Status
1	2023/2024	Inaccuracies in the financial statements	The statements were reviewed and corrected-Resolved

	Financial Year	Audit Issue	Current Status
2	2023/2024	Failure to charge Depreciation on property, plant and equipment	Unresolved
3	2023/2024	Unsupported retention Monies	The amounts were reconciled Resolved
4	2023/2024	Lack of Motor Vehicle Ownership Documents	The transfer process was done- Unresolved
5	2023/2024	Failure to meet audit committee meeting threshold	The Audit Committee met and meeting schedules were adhered to. Resolved
6	2023/2024	Failure to conduct an annual performance review of the integrated Development Plan	An annual performance review of the Integrated Development Plan was conducted and documented. Resolved ⁴⁹

Committee Observation

The Committee observed that the query remains unresolved, as numerous issues highlighted in the progress report are yet to be addressed.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures that the Accounting Officer responsible for the municipality should resolve any issues resulting from an audit that remains outstanding in accordance with section 149(2)(l) of the Public Finance Management Act, Cap 412A failure to which provisions of section 199 of the Public Finance Management Act on penalties for offenses shall apply.**
- ii. **The Governor ensures that the accounting officer provides a status update on the mitigation measures put in place to address prior year matters within 60 days of adoption of this report.**

CHAPTER THREE: HOSPITAL

3.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY REFERRAL HOSPITAL FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon.Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 25th February 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga County Referral Hospital for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere - CECM- Finance
2. Dr.Kitungulu Nicholas - CECM- Health Services
3. Mr. Aggrey B Musiega - County Attorney

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified opinion** on the Financial Statements of the Vihiga County Referral Hospital for the period under review on the following basis-

1. Variances in the Financial Statements

Review of the financial statements submitted for audit revealed various variances with the ledger as detailed below;

- i. The statement of financial performance and as disclosed in Note 11 to the financial statements reflects medical/clinical costs of Kshs.49,351,104 while the supporting schedules reflect Kshs.71,035,034 resulting to an unreconciled variance of Kshs.21,683,930.
- ii. The statement of financial performance and Note 12 to the financial statements reflects employee costs of Kshs.42,956,865 which differs with the ledger amount of Kshs.42, 902,849 resulting to an unreconciled variance of Kshs.54,016.
- iii. Further, the statement reflects repairs and maintenance expenses of Kshs.7,192,592 which differs with the ledger amount of Kshs.9,421,092 resulting to an unexplained variance of Kshs.2, 228,500.
- iv. The statement of financial performance and as disclosed in Note 16 to the financial statements reflects general expenses of Kshs.48,222,722. However, the supporting schedule reflects Kshs.51,751,372 resulting to an unexplained variance of Ksh 3, 528,650.
- v. In addition, the statement of financial position and as disclosed in Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs. 116,159,651 against the ledger balance of Kshs.115,607,080 resulting to unexplained variance of Kshs.552,571. The statement of financial position and as disclosed in Note 24 to the financial statements reflects trade and other payables of Kshs.60,475,384 which include employee dues of

Kshs.3,883,516. However, supporting schedule reflected a balance of Kshs.3,53,516 resulting to a variance of Kshs.50, 000.

In the circumstances, accuracy and completeness of the financial statements could not be confirmed.

Management Response

The management response to the above observation by the Auditor is as follows;

- i. The management adjusted the initial schedule shared to the Auditor of Kshs.71,035,034 during the response to the audit reports. This Ksh 71,035,034 included payables which had been reported in the previous year under the statement of financial performance. The Financial Statements were as well amended accordingly to reflect the actual Expenditure of Ksh 49,351,104 as per adjusted schedule. Therefore, the amount reported in the final amended financial statements and the supporting schedule agreed.
- ii. The employee costs of Kshs.42,956,865 as stated in the financial performance was the accrued expense for the year under review and tallies with the schedules shared with the auditor. The Ksh42,902,849 was the actual cash out for employee cost inclusive of the accrued employees cost of the previous year. Under repairs and maintenance, the ledger shared with the auditor had the same figure reported in the financial statements of Kshs.7,192,592 hence no variance. The figure of Kshs.9, 421,092 highlighted by the auditor included the payables for the previous year. The ledger balance was amount reported which included payable of the previous financial year in the original financial statements before amendment. This difference is therefore a classification variance rather than an unsupported expenditure. The variance is comprised of Software costs, service of anaesthetic machine cost and repair of air conditioner costs totaling Ksh 2,228,500.
- iii. Note 16 to financial statements relates to grants and subsidies which has a zero balance and not general expenses as highlighted by the auditor in the final amended financial statements. The amount of Ksh 14,965,034 as disclosed in the statement of financial performance is the 30% retained by the FIF account. The hospital could not provide the beneficiaries because it only received the 70%.
- iv. The amount of Ksh 51,731,372 is inclusive of the payables of the previous year and the PPE, which was corrected by transferring to the PPE account. The supporting ledgers for General expenses of Ksh 48,222,722 tallies with the figure reported in the final amended financial statements, hence no variance. Receivables from exchange transactions balance of Kshs.116,159,651 as reflected in financial position tallies with the ledgers shared with the Auditor, hence no variance. The schedules for annual and quarterly workings were in the same folder and the auditor erroneously

picked on the wrong schedule of quarterly workings. The schedules for employee dues which were shared with the auditor had a balance of Kshs.3,883,516 which tallies with the reported figure in the financial statements. The figure 3,883,515.65 the total employee cost comprising of:

Item	Amount (Ksh)
NSSF	
SHIF/SHA	(14,305)
NET SALARY	3,371,150.65
W/TAX	300,230
TOTAL	3,883,515.65

The summary schedule which indicated a balance of Ksh 3,833,515.65 was due to not amending the balancing figure after making adjustment on Quarter 2 (Amount paid). The management noted the error and has since corrected.

Committee Observation

The Committee observed that—

- i. There was unexplained variance of Kshs.21,683,930 between medical/clinical costs and the supporting schedules.
- ii. There was unexplained variance of Kshs.54,016 between employee costs and ledger amount.
- iii. There was unexplained variance of Kshs.2, 228,500 between repairs and maintenance expenses and the ledger amount
- iv. There was unexplained variance of Ksh 3,528,650 between general expenses and supporting schedule.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the accounting officer undertakes Prior year adjustments to reconcile the variances in relation to the statement of financial performance and the statement of financial position in the next Audit cycle FY 2025/2026, and the Auditor-General should keep the matter in view in the subsequent audit cycle;
- ii. the Governor takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply. Further, the Governor submits a status

- update report of the administrative action taken to the Senate within 60 days of the adoption of this report;
- iii. the Governor ensures that the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
 - iv. the Governor ensures the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
 - v. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties.

2. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inaccuracies in the financial statements:

- i. The statement of financial performance reflects Kshs.29,046,866 in respect of comparative employee costs which is at variance with the previous year's audited costs of Kshs.27,472,646 resulting in an unexplained variance of Kshs. 1,574,219.
- ii. The statement of financial position reflects trade and other payables balance of Kshs.59, 203,268 while the prior years audited financial statements reflect Kshs.54,458,311 resulting to a variance of Kshs.4,744,957. Although Management explained that the adjustments related omissions in the prior year, Management did not provide supporting schedules and journals to show how the figures were revised.
- iii. Further, the statement of changes in net assets reflects accumulated surplus opening balance of Kshs.14, 870,997 which differs with the prior year audited balance of Kshs.34, 320,047, resulting to an unexplained difference of Kshs.19, 449,050.

- iv. The statement of financial position reflects revaluation reserve balance of Kshs.14, 870,997. However, the statement of changes in net assets reflects nil balance.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

The management acknowledges the Auditor's observation on the above subject matter and response as follows;

- i. The management erroneously captured the actual amount paid of kshs. 27,472,646 in the year under review instead of the incurred amount of kshs. 29,046,866. The variance highlighted under employees' costs came as a result of prior year adjustments, which were done on the statement of changes of net asset hence resulting to a difference between audited financial statements and adjusted balances in changes in net asset. The journal entry was passed to correct the error.
- ii. The trade payables were understated in the 2023/2024 year, and this was adjusted accordingly in the subsequent year through prior year adjustment and the journal entry passed to correct the same.
- iii. The reported opening balance of kshs. 14,870,997 was as a result of prior year adjustments done which affects various items in the financial statements as demonstrated above, hence the variance of kshs 19,449,050.
- iv. The financial position in the final amended financial statements does not have "revaluation reserve" item. However, the figure of Kshs.14, 870,997 highlighted by the auditor was the adjusted opening balance in the statement of changes in net assets, the same reported in the statement of financial position as fund balance brought forward.

Committee Observation

The Committee observed that—

- i. There was unexplained variance of Kshs. 1,574,219 between the comparative employee costs and the previous year's audited costs.
- ii. whereas the supporting schedules and journals to show how the figures were revised were provided, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act. The supporting schedules and journals provided by the management were not reviewed by the Auditor General.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting officer undertakes Prior year adjustments to reconcile the variances in the financial statements in the next Audit cycle FY 2025/2026, and the Auditor-General should keep the matter in view in the subsequent audit cycle;
- ii. the Governor takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply. Further, the Governor submits a status update report of the administrative action taken to the Senate within 60 days of the adoption of this report;
- iii. the Governor ensures that the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
- iv. the Governor ensures the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
- v. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties.

3. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,317,835 as disclosed in Note 19 to the financial statements, comprises balances of Kshs.5,456,940 held in four (4) bank accounts and cash in hand balance of Kshs.860,895. Review of records provided for audit in respect to the bank balances revealed the following anomalies: Further, the cash and cash equivalent balances of Ksh 4,814,091 held at SPA Account was not supported with a cashbook and KCB Collection Account was not supported by certificate of bank balance. In addition, the Board of

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Survey report to support the bank balances and cash in hand of Kshs.5,456,940 and Kshs.860,895 respectively was not provided for audit review. The SPA bank reconciliation statement reflects payments in bank statements not recorded in cashbook of Kshs.2, 169,000. However, the nature of these reconciling items and reasons for their posting in the cash book were not provided. Bank reconciliations and updating the cashbook was not done on time. Failure to update the cash book is contrary to Regulation 90(3) of the Public Finance Management (County Governments) Regulations, 2015 states that the Accounting Officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6, 317,835 could not be confirmed.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows;

- i. The cash book and certificate of bank balance is available for further verification.
- ii. The board of survey was done by the team that was appointed by the internal audit and the team did not provide the document for audit verification. The document is available for review.
- iii. The reported amount of Ksh 2,169,000 in the bank reconciliation statements reported as reconciling item were posted in the cashbook in the subsequent month of July 2025 and cleared from the reconciliation statement as per the attached cashbook extract and bank reconciliation statement.
- iv. This was an oversight by management and going forward reconciliations and cash book update are being done on time.

Committee Observation

The Committee observed that—

- i. whereas the cash book and certificate of bank balance were provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
- ii. The nature of the reconciling transactions was not sufficiently explained and the reconciliations were not done in a timely manner.

Committee Recommendation

The Committee recommends that—

- i. **The Governor ensures that the accounting officer regularly updates the cash book in accordance to Regulation 90(3) of the Public Finance Management**

(County Governments) Regulations, 2015, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;

- ii. the Governor takes appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply. Further, the Governor submits a status update report of the administrative action taken to the Senate within 60 days of the adoption of this report;
- iii. the Governor ensures that the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
- iv. the Governor ensures the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and
- v. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties.

4. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.9, 659,157 and as disclosed in Note 22 to the financial statements. However, detailed assets register indicating asset description, location, cost and ownership status was not provided for audit. Further, Management has not developed a depreciation policy. In the circumstances, the accuracy, completeness, ownership and valuation of property, plant and equipment balance of Kshs.9, 659,157 could not be confirmed.

Management Response

The management response to the Auditor's observation to the above subject matter is as follows; The fixed asset register for PPE with all the required details including asset

description, location, cost and ownership status in respect to VCRH is availed for review and further verification. The county has since approved the County Assets and Liabilities Management Policy and Procedure Manual 2025 which is now applicable to all county entities.

Committee Observation

The Committee observed that—

- i. whereas the detailed assets register was provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act;
- ii. the hospital did not have a depreciation policy at the time of audit. However, the same was implemented as the county approved the County Assets and Liabilities Management Policy and Procedure Manual 2025 which applies to all county entites.

Committee Recommendation

. The Committee recommends that—

- i. the governor should ensure that the accounting officer undertakes adjustments to the financial statement so as to reflect the true value of the assets and the Auditor-General should keep the matter in view in the subsequent audit cycle;
- ii. the Governor ensures that the Accounting Officer, within sixty (60) days of adoption of this report provide a detailed, updated fixed asset register; evidence of asset tagging and reconciliation between asset register and general ledger to the Auditor-General and the Senate; and
- iii. the governor ensures that the Accounting Officer ensures timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.

5. Unsupported Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.1,920,000 as disclosed in Note 23 to the financial statements. However, detailed schedule indicating asset description, cost and ownership status was not provided for audit.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.1, 920,000 could not be confirmed.

Management Response

The management response to the Auditor's observation to the above subject matter is as follows; the provision of asset register for intangible assets in respect to VCRH was erroneously omitted during audit and is hereby availed for further review.

Committee Observation

The Committee observed that whereas the intangible assets register was provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act. The intangible asset register provided is not updated as per the Treasury Asset and Liability reporting Template for the financial year 2024/2025.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the accounting officer submits an updated intangible asset register, within 60 days of the adoption of this report, to the Auditor-General and the Senate. Further, intangible asset register should be in the format prescribed in the Treasury Asset and Liability reporting Template for the financial year 2024/2025; and**
- ii. the governor ensures that the Accounting Officer ensures timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.**

6. Unsupported and Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 24 to the financial statements reflects a balance of Kshs.60, 332,784 in respect of trade and other payables. However, this balance was not supported by invoices register and monthly aging analysis and creditors statements of accounts. Further, the outstanding bills listing provided for audit indicated payables amounting to Kshs.25, 193,059, which should have been a first charge in the financial years 2024/2025 were still outstanding as at 30 June, 2024 contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires debt service payments be a first charge to the budget. Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the outstanding bills form a first charge to that year's budget provision.

In the circumstances, the accuracy and completeness of the trade payables could not be confirmed.

Management Response

The management response to the Auditor's observation to the above subject matter is as follows; Management shared with the auditor ledger showing name of vendor, invoice amount, services provided, amount paid and balances and thus had all the information just as maybe captured in the stand-alone invoice register. The trade payables only accrue at the end of a financial year in which they relate and an aging analysis is provided in the standard template on note 24 of the financial statements. During the year under review, the facility had total receivables of Kshs. 116,159,651 as noted in note 20 for the services offered. Delay in receiving reimbursements from entities like SHA, Kshs. 84,763,726, NHIF Kshs. 12,609,206 among others delayed the payment of the bills.

Committee Observation

The Committee observed that the hospital had payables amounting to Kshs.25, 193,059, which should have been a first charge in the financial years 2024/2025.

Committee Recommendation

The Committee recommends that-

- i. within sixty (60) days of the adoption of this report, the Accounting Officer engages the relevant entities to formulate a repayment plan for the payables and file a report on the same with the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle;
- ii. the Governor to ensures the hospital makes budgetary provision to clear the outstanding payables by the end of the FY 2026/2027 and provide a status update to the Senate within 60 days of the adoption report;
- iii. the Governor ensures that the County Executive Committee Member in charge of hospital continuously monitors the financial performance of the hospital in-line with section 184 of the Public Finance Management Act, 2012 and report on the same to the County Executive Committee, making recommendations on how the water company can improve its performance; and
- iv. the accounting officer prepares and submits a debt repayment plan to the Auditor-General and the Senate within 60 days of the adoption of this report. The Plan must clearly specify timelines for the settlement of outstanding payables.

7. Unsupported Grants and Subsidies

The statement of financial performance reflects grants and subsidies expenses of Kshs.14, 965,034 and as disclosed in Note 16 to the financial statements. Review of Section 16(d) of the Vihiga County Facilities Improvement Fund Act, 2020 states that the board shall allocate twenty five percent of the total collections from the health facilities to be utilized for public health services that is disease outbreaks and prevention of disease upsurges. However, details of the grants and subsidies and beneficiary facilities were not provided for audit.

In the circumstances, the accuracy and completeness of the grants and other subsidies of Kshs. 14, 965,034 could not be confirmed.

Management Response

The management acknowledges the auditor's observation on the above subject matter and responds as follows; Note 16 to the financial statements under grants and subsidies has a zero balance. The figure Ksh 14,965,034 was 30% rendering service retained by the FIF account as reported under note 16.

Committee Observation

The Committee observed that details of the grants and subsidies and beneficiary facilities were not provided for audit which constitutes an offence under section 62(2) of the Public Audit Act, Cap.412B.

Committee Recommendation

The Committee recommends that the governor ensures that the Accounting Officer ensures timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.

8. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 20 to the financial statements, reflects receivables from exchange transactions balance of Kshs.116,159,651. Review of records revealed that Kshs.12,609,206 or 10.8% of the total receivables that have been outstanding for over a year. The receivables balance relates to NHIF claims inherited by the Social Health Authority that was rolled out on 1 October, 2024 and are yet to be settled. Management did not provide evidence to indicate mechanisms put in place to recover these long overdue debts.

In the circumstances, the recoverability of receivables from exchange transactions could not be confirmed.

Management Response

The management acknowledges the Auditor's observation on the above subject matter and responds as follows; It is true that management has not received all the claims due from NHIF as was expected. This hinder our operations but the management is still doing follow up on the repayment of the claims. This has been over one year as highlighted by the auditor.

Committee Observation

The Committee observed that the hospitals has receivables amounting to Kshs.12,609,206 or 10.8% of the total receivables that had been outstanding for more than one year.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, submit a debtors' schedule to the Auditor-General for verification and review. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;
- ii. the Governor ensures the Accounting Officer should within 60 days of the adoption of this report, submit an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;
- iii. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and
- iv. the Governor ensures the Accounting Officer undertakes a detailed analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects final receipts budget and actual on a comparable basis of Kshs.315,086,010 and Kshs. 152,395,324 respectively resulting to a recomputed under collection and under funding of Kshs. 162,690,686 or 50% of the budget. Similarly, the Hospital expended Kshs.146, 077,739 against final budget of Kshs.315, 086,010 resulting to a recomputed under expenditure of Kshs.169, 008,271 or 53% of the budget. Further, review of the budget process revealed that the Referral Hospital failed prepare

its own annual budget and instead used the Department of Health Services budget. This was contrary to Regulation 29(1) of the Public Finance Management (County Government) Regulations, 2015. The under collection and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The under collections were as a result of delays in release of the claims from the SHA/NHIF and MINET whereas the under expenditure against the budget was informed by the funds received in the year under review. The VTRH is currently a semi-autonomous entity created by an Act of the county assembly. Under the department of health budget, VTRH appears as a subprogram with budget lines assigned to it. However, in the current financial year VTRH has prepared its own budget, which has its own vote heads in the IFMIS system.

Committee Observation

The Committee observed that—

- i. the hospital had under funding of Kshs. 162,690,686 or 50% of the budget and under expenditure of Kshs.169, 008,271 or 53% of the budget.
- ii. The hospital failed prepare its own annual budget and instead used the Department of Health Services budget.

Committee Recommendation

The Committee recommends that—

- i. **The Governor ensures that the hospital prepares its own budget in accordance to Regulation 29(1) of the Public Finance Management (County Government) Regulations, 2015 failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply;**
- ii. **the Governor ensures the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- iii. **the National Treasury ensures timely disbursement of funds to counties.**

Other Matter

Unresolved Prior Year Matters

In the prior year's report, issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital in 2024/2025 revealed that the following thirteen (13) matters remained unresolved:

No.	Financial Year	Audit Issue
1.	2023-2024	Variances in the Financial Statements
2.	2023-2024	Inaccuracies in the Financial Statement
3.	2023-2024	Variance in Employee Costs
4.	2023-2024	Inaccuracies in Property, Plant and Equipment Balance
5.	2023-2024	Failure to charge depreciation and lack of a depreciation policy
6.	2023-2024	Cash and Cash equivalents
7.	2023-2024	Unsupported Trade Payables
8.	2023-2024	Budgetary Control and Performance
9.	2023-2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
10.	2023-2024	Lack of Approved Staff Establishment
11.	2023-2024	Underpayment of Casuals
12.	2023-2024	Inventories (Drugs) Management
13.	2023-2024	Expired and Quarantined Pharmaceutical Items

Management Response

The management acknowledges the auditor's observation on the above subject matter and responds as follows; Some of the issues raised in the previous audit report were addressed by management as shown in the table below:

No.	Financial Year	Audit Issue	Status
1.	2023-2024	Variances in the Financial Statements	The ledger account supporting the figure in the Audited Financial statement 2024/2024 were provided - addressed.
2.	2023-2024	Inaccuracies in the Financial Statement	The error was a recasting error in the notes to the financial statements and was corrected - addressed.

No.	Financial Year	Audit Issue	Status
3.	2023-2024	Variance in Employee Costs	Prior year adjustment done FY 2024/25 under the statement of changes in net assets and liabilities - addressed.
4.	2023-2024	Inaccuracies in PPE Balance	Not addressed. The ownership of the land and the two ambulances hasn't been transferred by the mother department.
5.	2023-2024	Failure to charge depreciation/policy	We charged depreciation using the Financial management and procedures manual by Council of governors. The county assets and liabilities management policy and procedure manual is in place - addressed.
6.	2023-2024	Cash and Cash equivalents	This were returned payments that were later posted in the cashbook in the subsequent year - addressed.
7.	2023-2024	Unsupported Trade Payables	This was corrected by giving the opening balance, additions, payments and closing balance. The ageing analysis was also provided - addressed.
8.	2023-2024	Budgetary Control/Performance	Pending.
9.	2023-2024	Deficiencies in UHC Implementation	Pending.
10.	2023-2024	Lack of Staff Establishment	Pending.
11.	2023-2024	Underpayment of Casuals	The staff are now being paid as per the minimum wage bill as per the legal requirement - addressed.
12.	2023-2024	Inventories (Drugs) Management	The CHIS module is being updated to capture drugs stock movement - not addressed.
13.	2023-2024	Expired Pharmaceutical Items	The drugs were disposed after getting authority from the drugs and poison board - addressed.

Committee Observation

The Committee observed that the query remains unresolved as the management of the hospital did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2023/2024.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer resolves any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and
- ii. the Governor ensures the accounting officer submits a detailed status report on the mitigation measures taken to resolve prior year matters within 60 days of the adoption of this report.

Other Information

Lack of Correlation in the Management Discussion Analysis

The financial outlook in the Management Discussion Analysis report indicates that outpatient visits and admissions during the year under review were 161,514 and 5,957 respectively which was a decline from the prior year figures of 234,004 and 6,042 respectively. However, review of the revenue from exchange transaction increased from Kshs.43,734,872 to Kshs.49,883,447. Further, the analysis indicates a gradual decline in bed occupancy from 150% in 2020/2021 to 100% in the year under review. The relationship between the decrease in patients and increase in revenue could not be confirmed.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; i) In medical field, revenue is informed more by the services offered as compared to the numbers of visits and admissions. High value services like surgery generate more revenue than outpatient numbers. In the year under review, the Hospital hosted a major surgical camp that was very successful. These was one of the contributors of the high revenue in the year compared to the previous financial year. ii) The management in the year under review implemented the cashless revenue collection system where patients pay directly through M-pesa money transactions.

Committee Observation

The Committee observed that there was a decrease in patients and increase in revenue which the management attributed to high revenue for high value services like surgeries.

Committee Recommendation

The Committee recommends that the Auditor General keep this matter in view in the subsequent audit cycle.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor-General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

1. Failure to Update Suppliers Documents

Review of payment and procurement records provided revealed that Management awarded a tender for the supply of cleansing materials valued at Kshs.898, 190. However, review of the supporting documents revealed that the supplier failed to submit a valid AGPO certificate and yet proceeded to financial evaluation. This is contrary to Regulation 76(1) of Public Procurement and Asset Disposal Regulations, 2020 which provides that upon completion of the preliminary evaluation under regulation 74, the evaluation committee shall conduct a technical evaluation by comparing each tender to the technical requirements of the goods, works or services in the tender document. The evaluation committee shall reject tenders which do not satisfy the technical requirements under paragraph (1). In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The tender advert for the cleaning materials document did not list submission of a valid AGPO certificate as a mandatory requirement at the preliminary or technical evaluation stage. Since AGPO certification was neither a mandatory requirement nor a condition for technical compliance in this procurement, non-submission of the certificate did not render the bid non-responsive. Management therefore confirms that the evaluation process was undertaken in accordance with the criteria for evaluation which was: Preliminary/mandatory requirements: a) Certificate of incorporation or registration b) KRA PIN certificate c) Valid KRA compliance certificate e) d) Valid CR12 certificate alongside copies of company directors IDs Copy of valid single business permit. Technical evaluation: a) Dully filled, signed and stamped schedule of requirements table a) Dully filled, signed and stamped form for disclosure of interest b) Dully filled, Signed and stamped certificate of independent quotation Verification c) Duly filled, signed and stamped self-declaration form d) Dully serialized bid documents and all other attachments. The AGPO certificate was not among the evaluation criteria in the two sections of evaluation.

Committee Observation

The Committee observed that the supplier failed to submit a valid AGPO certificate and yet proceeded to financial evaluation. The management however, indicated that it was not a mandatory requirement at the preliminary or technical evaluation stage.

Committee Recommendation

The Committee recommends that the Governor ensure that the management of the hospital adheres to Regulation 76(1) of Public Procurement and Asset Disposal Regulations, 2020, failure to which the provisions of section 177 of the Public Procurement and Asset Disposal Act, Cap.412C on penalties for offences shall apply.

2. Non-Compliance With Laws of Procurement Planning

Review of the procurement and payment records and other relevant supporting documents revealed the following anomalies; The Management provided the annual procurement plan for the financial year 2024/2025 for audit review. However, there was no evidence that the plan was submitted to the National Treasury as required by Section 44 (2c) Public of the Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall ensure procurement plans are prepared in conformity with the medium-term fiscal framework and fiscal policy objectives and, subject to subsection (3), submit them to the National Treasury. The Head of the Procurement Unit did not maintain quarterly reports on the implementation of the annual procurement plan as prescribed by the law. This was contrary to Regulation 40(6) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an accounting officer of a procuring entity shall prepare a quarterly report on the implementation of the annual procurement plan and submit it to the Cabinet Secretary or county executive committee member for finance or responsible for the procuring entity or the governing body, as the case may be. The procurement and disposal plans did not include percentages reserved to the Youth, Women, PWDs and other disadvantaged groups. This was contrary to Regulation 149 of the Public Procurement and Asset Disposal Regulations, 2020, which states that an accounting officer of a procuring entity shall, when processing procurement under section 157(5) of the Act, allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works and services from enterprises owned by youth, women and persons with disability. In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; a) In the year under review, the facility procurement needs were under the department of health and hence was part of the consolidated departmental procurement plan. The annual consolidated departmental procurement

plan for the financial year 2024/2025 was submitted to the National Treasury through PPIP Portal on 13th August b) 2024. The Quarterly reports prepared were for the department of health since the facility's needs were consolidated as stated in (I) above. c) The procurement plan for the current financial year includes the percentages as required by law See Appendix XII: a) PPIP submission evidence b) Departmental Quarterly reports (Highlight) c) The procurement plan of the current financial year

Committee Observation

The Committee observed that the hospital did not submit its annual procurement plan to the National Treasury as required by Section 44 (2c) Public of the Procurement and Asset Disposal Act, 2015.

Committee Recommendation

The Committee recommends that the Governor ensures that the hospital submits its annual procurement plan to the National Treasury in accordance to by Section 44 (2c) Public of the Procurement and Asset Disposal Act, 2015, failure to which the provisions of section 177 of the Public Procurement and Asset Disposal Act, Cap.412C on penalties for offences shall apply.

3. Non-Compliance with Procurement Procedures

Review of procurement records revealed that Management engaged two firms for repair and service of fixed X-ray machine and 80K VA UPS power at the Hospital at a cost of Kshs.2,550,840 and Kshs.2,927,720 respectively. However, the expenditures were not included in the procurement plan or budgeted for and the firms were not prequalified under the category. This was contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015, which require the accounting officer to give the request for quotations to persons that are registered by the procuring entity. In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The fixed X-ray machine was previously maintained under the Managed Equipment Services (MES) Programme implemented by the Ministry of Health, under which the supplier was contractually responsible for servicing and maintenance of the equipment. Given the specialized nature of the equipment and the unexpected lapse of the MES Programme,

Management engaged technically competent firms with the requisite expertise to undertake the repairs as an urgent intervention to restore critical diagnostic services and ensure continuity of patient care.

The expenditures had not been initially captured in the procurement plan due to the unforeseen transition from the MES framework and the unexpected breakdown. The department thereafter amended the procurement plan and provided for the funds in the second supplementary budget to pay for the repairs.

Further, Prequalification of suppliers/contractors is a continuous process as per section 71(2) of the Public Procurement And Asset Disposal Act (amended 2020) which states: An application to be included in the list of the procuring entity may be made at any time, at no cost and shall contain proof of the following- (a) eligibility criteria as prescribed in this Act; and (b) capability criteria that defines necessary qualifications, experience, resources, equipment and facilities to provide what is being procured

Committee Observation

The Committee observed that the repair and service expenditures were not included in the procurement plan or budgeted for and the firms were not prequalified under the category contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015.

Committee Recommendation

The Committee recommends that the Governor ensures that the hospital management adhere to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015, failure to which the provisions of section 177 of the Public Procurement and Asset Disposal Act, Cap.412C on penalties for offences shall apply.

4. Unapproved Waivers of Patients' Bills

The statement of financial performance reflects medical services contracts losses of Kshs.2,687,689 in respect of waivers and exemptions. However, Management did not provide for audit review the written delegated authority to the officers who granted the waivers from the Accounting Officer or the receiver of revenue. This was contrary to Regulation 64(3) of the Public Finance Management (County Governments) Regulations, 2015 which provide that the accounting officer or receiver of revenue or collector of revenue shall include in the report under paragraph (1), the following details in respect of each waiver or variation; (a) the full name of each person benefiting from the waiver or variation; (b) the amount of tax, fee or charge affected by the waiver or variation; (c) the year to which the waiver or variation relates; (d) the reasons for the waiver or variation. Further, there was no assessment report indicating the patient's inability to pay for the services rendered or a quarterly report submitted to the County Treasury and the Auditor General.

In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows;

The Hospital management has since put in place a waiver and exception committee that determines the waivers and exemptions.

The committee is guided by the Waiver and Exemption Policy in making their decision Available are the assessment sheets containing the full name of each person benefiting from the waiver or variation, the amount of tax, fee or charge affected by the waiver or variation, the year to which the waiver or variation relates, the reasons for the waiver or variation

Committee Observation

The Committee observed that the written delegated authority to the officers who granted the waivers was provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the hospital management adheres to Regulation 64(3) of the Public Finance Management (County Governments) Regulations, 2015, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B; and**
- ii. the governor ensures that the Accounting Officer ensures timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.**

4. Engagement of Casuals Beyond the Stipulated Period

Review of the Hospital's personnel records relating to casuals for the month of June, 2025 revealed that forty-six (46) casuals were engaged at various times during the year under review. However, review of the payroll and appointment letters revealed that the engaged casuals had worked continuously for a period of more than three (3) months with some being engaged for a period of over three (3) years. This was contrary to Section 37(b) of the Employment Act, 2007 which states that notwithstanding any provisions of this Act, where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days

amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and section 35 (1) (c) shall apply to that contract of service. In the circumstances, Management was in breach of the law.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The extended engagement occurred specifically in machine operation areas such as lawn mowing, laundry, incineration, and waste handling support services. This was necessitated by the following operational considerations: Specialized Equipment Handling: The equipment in these areas requires skilled and experienced operators. Operational Risks: Engagement of new casuals previously led to frequent machine breakdowns, resulting in costly repairs and service disruptions. Cost Implications: Equipment failures necessitated outsourcing of laundry and waste management services at significantly higher costs. Continuity of Service: To safeguard critical hospital operations and ensure uninterrupted service delivery, experienced personnel were retained. However, Management recognizes the legal requirement regarding conversion of casual employment where service exceeds three months. To address the matter, Management has: 1. Initiated engagement with the County Public Service Board for approval of substantive positions. 2. Commenced review of all long-serving casual staff for appropriate regularization. 3. Strengthened monitoring mechanisms to ensure future compliance with statutory employment provisions.

Committee Observation

The Committee observed that the hospital had casual staff that had worked continuously for a period of more than three (3) months with some being engaged for a period of over three (3) years.

Committee Recommendation

The Committee recommends that the Governor ensures that the hospital management adheres to stipulated timelines on the engagement of casual staff in accordance to Section 37(b) of the Employment Act, 2007.

5. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 89% of the authorized establishment. In addition, the Hospital did not provide required services and lacked the necessary equipment and machines outlined in the Health Policy Guidelines.

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital will not be able to deliver on its mandate.

Management Response

The management acknowledges the auditor's observations and states that the hospital management is in collaboration with the department of health, to address staffing gaps as recommended by relevant human resource guidelines and policies. Regrettably, our gaps have been occasioned by migration of county released/sponsored specialist to National referral facilities, after short working period. In a bid to address the issue of space, the completion of hospital plaza which is currently at 95%, will ensure availability of space for provision of specialized departments including ICU, HDU and additional theatre space. In addition, the management has ensured that all renal unit beds are functional. Also, the hospital through collaboration with M-pesa Foundation has constructed a Mother and Baby unit with a bed capacity of 44 beds.

Committee Observation

The Committee noted that the hospital did not provide required services and lacked the necessary equipment and machines as prescribed by the Kenya Quality Model for health policy guidelines.

Committee Recommendation

The Committee recommends that—

- i. within sixty (60) days of the adoption of this report, the Governor submits to the Senate a comprehensive plan outlining the specific measures being taken to address the hospital's staffing shortages. The measures should include both short-term and long-term solutions, focusing on optimizing existing resources, improving employee welfare, and ensuring sustainable staffing levels moving forward; and**
- ii. within ninety (90) days of the adoption of this report, the Committee recommends that the Governor ensures the hospital develops and implements a comprehensive plan, with appropriate budgetary allocations, to acquire and operationalize the required facilities and equipment to provide all services required for a Level 4 hospital. The Auditor-General should monitor progress and keep this matter under review in the subsequent audit cycle; and**

- iii. **the Governor ensures the officer in charge of the facility has the requisite academic and professional qualifications in accordance with the Health Act, 2017 and provide evidence of measures taken to address the matter to Senate within 60 days of the adoption of this report.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

1. Non-Functional Revenue System

The statement of financial performance reflects rendering of services-medical service income amount of Kshs.49,883,447 as disclosed in Note 9 to the financial statements. Review of internal controls of the Hospital revealed that Management procured Check Health Information System Version 5.1.4, an intersoft software (CHIS System) in 2023 for revenue billing. However, the system could not generate revenue billing reports for the year under review. This was contrary to Regulation 63(1) of the Public Finance Management (County Governments) regulations, 2015 which requires that an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public money relating to their County departments or agencies and adequate measures, including legal action where appropriate, are taken to obtain payment. In the circumstances, the effectiveness of internal controls in revenue billing could not be Management confirmed.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The system was procured to create a seamless integration of the health management information system in the hospital operations by establishing a robust support framework for ongoing system adaptation, trouble shooting and problem resolution. The contract was signed on 6th February 2024 The scope of the contract was: I. II. IV. III. V. VI. VII. VIII. System installation and configuration Nursing services Doctors' computerized physician order entry for outpatient Stock Accounts and inventory management Laboratory management Radiology management Medical records. At the time of audit, the system had not been fully activated due to financial constraints. However, the system has now been activated and is able to generate the reports including the billing report.

Committee Observation

The Committee observed that the procured Check Health Information System could not generate revenue billing reports for the year under review.

Committee Recommendation

The Committee recommends that the Governor ensures that the management of the hospital conducts an internal review on the functionalities of the Check Health Information system and submit a status report to the Auditor-General within sixty (60) days of adoption of this report.

2. Failure to Maintain an Updated Fixed Assets Register

The statement of financial position and Note 22 to the financial statements, reflects property, plant and equipment balance of Kshs.9,659,157. However, the Hospital did not maintain an updated assets register showing details relating to: nature or type of asset, date of acquisition, cost, supplier, unique identification number, current value, current location, user, accumulated depreciation and net book values. This is contrary to Regulation 136(1) of the Public Finance Management (National Government) Regulations, 2015. Further, the assets were not tagged with unique identification numbers for ease of traceability and accountability. In the circumstances, the existence of effective internal controls on management of fixed assets could not be confirmed.

Management Response

The management response to the Auditor's observation to the above subject matter is as Management follows;

The fixed asset register with all the required details including asset description, location, and cost and ownership status in respect to VCRH was available and still available for further audit verification. The asset register has since been availed for verification. The county has since approved the County Assets and Liabilities Management Policy and Procedure Manual 2025 which will guide in identifying and tagging of all facility assets. See Appendix IV (Asset Register, County Assets and Liabilities Management policy and Procedures manual).

Committee Observation

The Committee observed that the hospital lacked an updated asset register at the time of audit. However, the management later provided the updated register to the Auditor-General.

Committee Recommendation

The Committee recommends that-

- i. within sixty (60) days of the adoption of this report, the Governor, through the CECM responsible for matters health, engages with the Ministry of

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Health of the National Government to ensure the transfer of ownership documents of land and buildings is fast tracked;

- ii. **the Governor ensures that the management of the hospital undertakes the valuation of all assets of the hospital and submits the valuation report to the Auditor- General for verification during the subsequent audit cycle;**
- iii. **upon completion of the transfer and valuation, the Accounting Officer should prepare an updated asset register within 60 days of the adoption of this report and submit to the Auditor-General for verification; and**
- iv. **the Governor, through the Accounting Officer ensures that the hospital maintains an up-to-date asset register in accordance with section 149(2)(o) of the Public Finance Management Act Cap 412A and in the format prescribed by the Public Sector Accounting Standards Board (PSASB), failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

Weaknesses in ICT Internal Controls and Physical Security

Review of the Health's information technology systems revealed the Hospital has installed information management system. However, the Hospital did not have an approved IT policy for governance and management of its ICT resources. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Hospital's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability. Further, physical verification of facilities and peripheries revealed that the Hospital did not have a perimeter fence around the facility which poses threat to patients and staff. In the circumstances, existence of effective ICT and physical controls could not be confirmed.

Management Response

The management acknowledges the auditor's observation on the above subject matters and responds as follows; The management has developed an Information Technology policy that guides the operations of ICT in governance and management of ICT resources. Currently the management is guided by the data protection Act 2017 in managing its data security The management of the hospital has hired security guards that provide security to the hospital staff and patients. In addition, the management has ensured installation of CCTV cameras in strategic points within the hospital. However, the management will provide resources in the coming budgets in order to build a perimeter fence around the hospital.

Committee Observation

The Committee observed that the hospital did not have approved IT policy at the time of audit.

Committee Recommendation

The Committee recommends that the management of the hospital ensures that it puts in place all internal control systems such as a ICT Policy as provided under section 158 (1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the hospital. Further, the management of the hospital to submit evidence of the same to the Auditor General for verification.

CHAPTER FOUR: FUNDS

4.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY CLIMATE CHANGE FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 25th February 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga County Climate Change Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere - CECM- Finance
2. Mr. Aggrey B Musiega - County Attorney
3. Mr. Vincent Chanzu - County Secretary

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered **unmodified opinion** on the Financial Statements of the Vihiga County Climate Change Fund for the period under review on the following basis-

Emphasis of Matter

1. Material Uncertainty Related to Going Concern

I draw your attention to Note 5(c) on going concern of the Fund. The statement of financial position reflects an amount of Kshs.21,112,604 in respect of current liabilities, and an amount of Kshs.50,567,741 resulting to a negative working capital balance of Kshs.29,455,137. Although Management has disclosed this matter, the continued operations of the Fund is dependent on continued funding by the National and County Governments and creditors.

Management Response

Management stated as follows: The Vihiga County Climate change Fund is established by the Vihiga County Climate change Act, 2025 which mandates it to independently operate and get funding from the exchequer.

- The amount of 21,112,604 related to cash and cash equivalents at the end of the financial year.
- An amount of Kshs.50, 567,741 was a result of current liabilities on trade and other payables during the period under review.

- The Fund did not receive Ksh 40,000,000 out of the budgeted Ksh 80,000,000 county contribution which was part of the working capital to fund the trade payables hence no negative working capital.
- In order to offset the negative working capital, the County has added the fund ksh 20,000,000 in the first County supplementary budget, amounting the County Contribution of Ksh 100,000,000 while the the balance of ksh 20,000,000 will be added during the second supplementary budget.
- To ensure sustainable funding over and above the exchequer allocations, the Act has incorporated Partnerships (section 33), Resource Mobilization (section 34) and Carbon Credits (section 36), as sources of climate finance to be explored in the subsequent financial years.

Committee Observation

The Committee observed that the Vihiga County Climate Change Fund has a negative working capital balance of Kshs.29,455,137.

Committee Recommendation

The Committee recommends that the Governor ensures that within 60 days of the adoption of this report, the accounting officer puts in place strategic and innovative measures for recovery and to boost the financial health of the fund for self-sustainability. Further, Governor ensures that the management determines and ascertains the commercial viability of the fund as required by the Public Sector Accounting Standards Board (PSASB).

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on a comparable basis of Kshs.244, 585,386 and Kshs.244, 585,386 respectively. Similarly, the Fund spent Kshs.223,472,780 against an approved expenditure budget of Kshs.244,585,386 resulting in underspending of Kshs.21,112,606 or (8.63%) of the approved budget.

Management Response

Management acknowledges the auditors observation and states as follows:

- The fund had a budget of Kshs. 244,585,386 against an expenditure of ksh 223,472,780 giving a variance of Kshs.21, 112,606 which cash and cash equivalent at the end of the period.
- The under absorption of funds was caused by delayed disbursement of the funds from the national treasury which led to delayed implementation of the planned activities.

Committee Observation

The Committee observed that the fund had an underspending of Kshs.21,112,606 or (8.63%) of the approved budget which was attributed to delayed disbursement of the funds from the national treasury.

Committee Recommendation

The Committee recommends that—

- iii. the Governor ensures the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and
- iv. the National Treasury ensures timely disbursement of funds to counties.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor-General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

1. Non-Compliance with the Public Procurement Capacity Building Levy Order, 2023

Vihiga County Climate Change Fund did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority (PPRA) for all contracts entered into during the year under review. In the circumstance, management was in breach of the law.

Management Response

Management acknowledges the auditors observation and states as follows:

- The fund could not remit the 0.03% capacity building levy to public procurement regulatory authority as required since the IFMIS processing module was not integrated with the PPRA.
- This has since been dealt with and the management has started remitting the levy in accordance with the law.

Committee Observation

The Committee observed that the fund did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority (PPRA).

Committee Recommendation

The Committee recommends that the Governor ensures that the management of the fund continuously collect the capacity building levy at the rate of 0.03% of the contract sum from suppliers on all procurement contracts as prescribed in the Public Procurement Regulatory Authority Circular No. 01/2024 Ref: PPRA/6/5 VOL. II (224). Further, the Auditor General to keep this matter in view in the subsequent audit cycle.

2. Failure to Prepare Quarterly Reports on the Implementation of the Procurement Plan

During the audit, it was observed that Vihiga County Climate Change Fund failed to prepare quarterly reports on the implementation of the approved procurement plan as required by Regulation 40(6) of the Public Procurement and Assets Disposal Regulations, 2020. In the circumstances, Management was in breach of the law.

Management Response

Management acknowledges the auditors observation and responds as follows:

- The fund prepared an annual procurement plan in the year under review which was approved and uploaded on the PPIP portal as required by law.
- The fund prepared and reported quarterly reports on the PPIP portal as guided by the circular No 04/2022 of reference Number (REF: PPRA/6/5 Vol.1234) dated 1st July 2022 from the Director General PPRA which directed all public entities to report directly to the PPIP portal with effect from 1st July 2022 and not through any other media.

Committee Observation

The Committee observed that the fund did not prepare quarterly reports on the implementation of the approved procurement plan.

Committee Recommendation

The Committee recommends that the Governor ensures that the fund continuously prepares quarterly reports on the implementation of the approved procurement plan in accordance to Regulation 40(6) of the Public Procurement and Assets Disposal Regulations, 2020, failure to which the provisions of section 177 of the Public Procurement and Asset Disposal Act, Cap.412C on penalties for offences shall apply.

3. Project Verification-Construction of Mutave-Jepsesi Bridge

During the year under review, Vihiga County Climate Change Fund awarded a contract to Galin Invest Ltd at a contract sum of Kshs. 13,158,344 for the construction Mutave-Jepsesi bridge vide contract number: TENDER/VCG/ENV/006/2024-2025, for climate disaster risk reduction. During a physical verification of the project in September 2025, it was observed that the bridge is fully constructed and in active use. However, it was noticed soil erosion had developed in the adjacent area, resulting in damage to the gabion boxes, rock fill, stone pitching, and culvert constructed. This condition may pose a potential risk to the stability of the bridge foundations. Furthermore, Ongoing sand harvesting activities were observed near the bridge site. These activities may accelerate erosion and undermine the structural integrity of the bridge. In the circumstances, the durability and value for money on the project could not be confirmed.

Management Response:

- Mutave- Jepses Bridge is a climate resilience project which addresses disaster risks of drowning occurring from seasonal floods, connecting Vihiga County to Nandi County.
- The project is in a low lying river valley exposed to high volumes of storm runoff.
- The design incorporated robust erosion control measures such as gabions and stone pitching.
- Despite these measures, the area neighboring the bridge still underwent some level of soil erosion. The management took note of the matter and addressed.
- Regarding sand harvesting, the management takes note of audit recommendation. Towards this end, a correspondence with Nandi County towards addressing the unsustainable sand harvesting has been initiated.

Committee Observation

The Committee observed that there were potential risks that may affect the stability of the bridge foundations. These include soil erosion and ongoing sand harvesting activities which impact the value for money of the project.

Committee Recommendation

The Committee recommends that Governor ensure that the management undertakes projects that have durability and value for money. The Auditor General to keep this matter in view in the subsequent audit cycle.

4.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY EDUCATION FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 25th February 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga County Education Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere - CECM- Finance
2. Mr. Aggrey B Musiega - County Attorney
3. Mr. Vincent Chanzu - County Secretary

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Vihiga County Education Fund for the period under review on the following basis-

1. Unsupported Scholarship Fees

The statement of receipts and payments reflects scholarship grants of Kshs. 37,060,856, which includes Kshs. 24,540,536 for secondary school scholarship fees. The auditor noted that Kshs. 12,333,167 was unsupported by recipient lists or acknowledgement receipts from learning institutions. Additionally, data lacked critical student information such as admission numbers.

Management Response

- Management states that fee payment schedules were supported by detailed beneficiary lists, including admission numbers and classes.
- Management noted that on the auditor's schedule, a payment to Maseno High School of Kshs. 620,432 was repeated twice, though it was only paid once as per payment vouchers.
- All payments were processed through IFMIS after the commercial bank account was closed and moved to the Central Bank of Kenya (CBK).
- Obtaining block receipts from institutions is challenging because schools are scattered across the country, involving cost implications.
- Management has requested schools to provide acknowledgement letters via students during holidays, though some schools remain unresponsive.

Committee Observation

The Committee observed that the management submitted Acknowledgement letters/ receipts, that indicated admission numbers and class, from the 18 institutions (schools)

amounting to Kshs.7,304,276 to the Auditor General. However, Kshs.5,028,891 remained unaccounted for.

Committee Recommendation

The Committee recommends that the Governor ensures that the management account for the remaining Kshs.5,028,891 with acknowledgement letters/ receipts within 60 days of the adoption of this report. The submissions should to be to the Senate and a copy to the Auditor General.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual payment of Kshs.38, 670,780 against final budget of Kshs.57,508,994 resulting into underfunding of Kshs.18, 838,214.

Management Response

- The final approved budget expected receipts of Kshs. 49,248,994 against actual receipts of Kshs. 39,248,994.
- The Kshs. 10,000,000 difference was budgeted but not disbursed because the fund's period had lapsed under Section 197 of the PFM Act (2015); a new Act has since been assented to.
- The total payment variance of Kshs. 18,838,214 consists of the unremitted Kshs. 10M, cash equivalents of Kshs. 2,380,314.75, and unpaid borrowings (receivables).

Committee Observation

The Committee observed that the fund had an underfunding of Kshs.18, 838,214.

Committee Recommendation

The Committee recommends that—

- v. **the Governor ensures the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- vi. **the National Treasury ensures timely disbursement of funds to counties.**

Other Matter

Unresolved Prior Year Matters

Several issues from the 2023/2024 audit remained unaddressed, including variances in scholarship fees, unsupported fund balance adjustments, unapproved budget items, and irregular advances to the Department of Education.

Management Response:

- Variance in scholarship fees: Reconciled and addressed with the auditor.
- Unsupported adjustments: Verified and addressed.
- Unapproved budget: Explained and addressed.
- Irregular advances: A balance of Kshs. 3,257,900 remains; the department is committed to a full refund.

Committee Observation

The Committee observed that the query remains unresolved as the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2023/2024.

Committee Recommendation

The Committee recommends that-

- the Governor should ensure that the Accounting Officer resolves any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
- the Governor should ensure that the accounting officer submits the status report on the mitigation measures taken to resolve prior year matters to the Senate and a copy to the Auditor-General within 60 days of the adoption of this report.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor-General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

1. Irregular Advances to the Department of Education and Fund Administrator

PAPERS LAID	
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COMMITTEE	
CLERK AT THE TABLE	

The statement of financial position reflects accounts receivables of Kshs.6,457,900 as disclosed in Note 10 to the financial statements. Review of documents provided for audit showed that the amount was an advance to the Fund Administrator and Department of Education of the County Government of Vihiga.

Management Response

- These funds were borrowed in FY 2023-2024 for ECDE and VTC music festival participants.
- Repayment was delayed due to late receipt of departmental funds from the National Treasury.
- The department has since cleared the balance, with refunds of Kshs. 1,500,000 (Aug 2025) and Kshs. 1,699,425 (Jan 2026).

Committee Observation

The Committee observed that the fund had issued an advance to the Fund Administrator and Department of Education of the County Government of Vihiga. However, the amounts were all refunded as confirmed by the Auditor General. The matter was therefore satisfactorily addressed.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2. Poor Maintenance of Cashbook and Bank Reconciliations

The Fund maintained one cashbook for two bank accounts for 6 months before the closure of KCB account. Management failed to maintain a separate cashbook for two bank accounts after the new Central Bank Account was opened in December, 2024.

Management Response

- Management concurs with the findings.
- The KCB account used folios 2-13 and the CBK account used folios 14-21 in the same book.
- Cash books have since been separated.

Committee Observation

The Committee observed that the fund has now separated the two cashbooks as confirmed by the Auditor General. The matter was therefore satisfactorily addressed.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

4.3 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 25th February 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga County Executive Car Loan And Mortgage Scheme Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere - CECM- Finance
2. Mr. Aggrey B Musiega - County Attorney
3. Mr. Vincent Chanzu - County Secretary

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Vihiga County Executive Car Loan And Mortgage Scheme Fund for the period under review on the following basis-

1. Non-Performing Loans

The statement of financial position reflects an amount of Kshs. 67,043,029 in respect of outstanding loans, which includes an amount of Kshs. 2,069,440 that had been issued to three members of the scheme and has been outstanding for more than one year. No evidence was provided to show that demand notices had been issued to the loan defaulters with a view to recover the loans.

In the circumstances, there is a likely loss of funds through non-recovery of outstanding loans.

Management Response

The management acknowledges the auditor's observation and states that; the management through the office of the County Attorney reached out to the three respective defaulters; Marita Agufana; Mary Amalemba and Geoffrey Sore. Marita Agufana cleared her outstanding balance of Kshs. 182,235 on 12/11/2025 and Mary Nelima Amalemba committed to service the outstanding amounts vide a letter dated 10th September 2025. Further, Mary Amalemba made a deposit of Kshs. 36,000 (Thirty six thousand) and Kshs. 35,000 (Thirty-five thousand) on 02/12/2025 and 09/02/2026 respectively.

The Office of the County Attorney is still following up the matter with regards to Geoffrey Sore.

Committee Observation

The Committee noted that the fund had an amount of Kshs. 2,069,440 that had been issued to three members of the scheme and has been outstanding for more than one year.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits a debtors' schedule to the Auditor-General for verification and review and update the Committee in the subsequent audit cycle;
- ii. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;
- iii. the Governor ensures that the Accounting Officer, within 60 days of the adoption of this report, puts in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and
- iv. the Governor ensures that the Accounting Officer undertakes a detailed ageing analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.

Key Audit Matters

Unresolved prior year matters

In the audit report of the previous years, issues were raised under the report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, as at 30 June 2025, Management had not resolved the issue of non-performing loans. The matter had also been raised in the financial year 2022/2023 and 2023/2024.

Management Response

In relation to the unresolved prior year matters with regards to non-performing loans, the management has reached out to respective defaulters; Marita Agufana; Mary Amalemba and Geoffrey Sore. Marita agufana cleared her outstanding loan, Mary Amalemba is currently servicing her loan whereas Geoffrey Sore has not responded. The Office of the County Attorney is still following up with the Clerk of Parliament with regards to Geoffrey Sore's outstanding loan.

Committee Observation

The Committee observed that the query remains unresolved as the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2023/2024.

Committee Recommendation

The Committee recommends that-

- i. the Governor should ensure that the Accounting Officer resolves any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
- ii. the Governor should ensure that the accounting officer submits the status report on the mitigation measures taken to resolve prior year matters to the Senate and a copy to the Auditor-General within 60 days of the adoption of this report.**

4.4 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY TRADE AND ENTERPRISE FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Vihiga County, Hon. Dr. Wilber Ottichilo, EGH appeared before the Committee on Wednesday, 25th February 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Vihiga County Trade and Enterprise Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Mulongo M Onzere -CECM- Finance
2. Mr. Aggrey B Musiega - County Attorney
3. Mr. Vincent Chanzu - County Secretary

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Vihiga County Trade and Enterprise Fund for the period under review on the following basis-

1. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 10 to the financial statements reflect a balance of Kshs. 1,870,700 in respect of property, plant and equipment which comprise of Kshs.729,000 and Kshs.1,140,800 for Furniture & Fittings and computers and Office Equipment respectively. However, the following weaknesses were noted: -

- i. The asset register provided for audit review was incomplete as it lacked relevant details such as Asset Description, financed by/ source of funds, Serial number, Tag number, Make & Model, Date of Delivery/ installation, Current Location, Purchase amount, Depreciation rate, Annual depreciation, Accumulated depreciation and Net Book Value.
- ii. Depreciation rates and charge on property, plant and equipment have not been disclosed in the financial statements.
- iii. Further, review of the asset register revealed obsolete items (computers and accessories) amounting to Kshs.318,500. However, the items have not been written off or disposed of in accordance with the law.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,870,700 as at 30 June, 2025 could not be confirmed.

Management Response

The management acknowledges the Auditor's observation on the above matter and wishes to respond as follows:

- The Vihiga County Trade and Enterprise Fund has an asset register with the following columns: Item Description, Stock Code No., Tag Number, Date of Purchase and Purchase price, LOCATION and responsible officer. This record has been maintained in that mode from the year 2019/2020. However, during the audit of the books of the Fund for the year ended 30 June 2025, it was noted that there was a standard Assets and Liability Reporting Register template prepared by the National Treasury and Planning. This template has more columns than those being reported by the Fund. The county has since adopted the aforementioned new template in the subsequent financial reporting.
- During the year under review, management did not disclose depreciation rates or record depreciation on property and equipment. However, The Management has Since developed and implemented the Assets and liability Management policy and procedure manual which provides clear guidance on the capitalization, depreciation rates, and useful lives of property and equipment. Accordingly, depreciation will be recognized and disclosed in accordance with the approved policy in subsequent financial years.
- Management acknowledges the observation noted during the review of the asset register concerning obsolete computers and accessories with a carrying value of Ksh. 318,500. Management has initiated the disposal process in accordance with the applicable asset disposal procedures and has forwarded the items to the County Assets and Disposal Committee for review and approval. Upon completion and approval of the disposal process, the assets will be derecognized from the asset register and the necessary accounting entries will be effected in the financial records.
- We acknowledge the audit observation regarding the lost assets, namely a desktop computer, monitor, CPU and keyboard, with a total carrying value of Ksh. 41,500 as reflected in the asset register. The assets were lost through break in theft in year 2021. The matter was not formally reported to the relevant investigative agencies. The Fund has taken accountability measures to determine responsibility and, where appropriate, instituted recovery or surcharge procedures in line with statutory requirements. Management has further strengthened asset control measures, including periodic physical verification, enhanced asset tagging, updated custody registers, and improved documentation procedures to prevent recurrence.

Committee Observation

The Committee observed that the fund lacked an updated fixed asset register. Further, Obsolete items have not been disposed or repaired however management has recommended to the county disposal committee for disposal.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer, within sixty (60) days of adoption of this report provide a detailed, updated fixed asset register in the format prescribed by the PSASB to the Senate and a copy of the same to the Auditor General;**
- ii. the governor should ensure that the accounting officer undertakes adjustments to the financial statement so as to reflect the true value of the assets and the Auditor-General should keep the matter in view in the subsequent audit cycle; and**
- iii. the governor ensures that the Accounting Officer ensures timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.**

2. Long Outstanding Loans

The statement of financial position and as disclosed in Note 9 to the financial statements reflect a balance of Ksh. 52,087,559 in respect of current portion of long-term receivables from exchange transactions. Review of the loan records maintained by the Fund revealed that these are loans which are long overdue for repayments and are non-performing and their recovery appears doubtful. In the circumstances, the recoverability and non-provision for the long outstanding loan balance of Ksh. 52,087,559 could not be confirmed.

Management Response

The management stated that:

Management acknowledges the observation regarding the balance of Ksh. 52,087,559 classified as the current portion of long-term receivables from exchange transactions. The Fund confirms that the balances relate to significantly overdue and largely non-performing loan facilities. During the year under review, management undertook an assessment of the loan portfolio through review of borrower Data, repayment histories, and ongoing recovery actions. Corrective measures have since been implemented to

enhance compliance and recovery processes. All disbursed loans have been consolidated into a comprehensive and well-documented loan book, organized by sub-county to improve tracking and monitoring. A follow-up framework has also been instituted, including issuance of reminder letters and demand notices to defaulters. Further, relevant policy instruments to strengthen loan recovery are now operational, and the Directorate of Internal Audit has been engaged to carry out special audit on the fund and enhance financial accountability. This financial year through our new measures, we have so far been able to recover ksh. 193,650.

Committee Observation

The Committee observed that whereas supporting documents were provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act. However, no recoveries have been achieved.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits a debtors' schedule to the Auditor-General for verification and review and update the Committee in the subsequent audit cycle;**
- ii. the Governor ensures the Accounting Officer, within 60 days of the adoption of this report, submits an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;**
- iii. the Governor ensures that the Accounting Officer, within 60 days of the adoption of this report, puts in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and**
- iv. the Governor ensures that the Accounting Officer undertakes a detailed ageing analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.**

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amount reflects final budget and actual receipts on comparable basis amount of Ksh. 9,500,000 and Ksh. 2,044 resulting to under-funding of Ksh. 9,497,956. Similarly, the Fund had a final budget of Ksh. 9,500,000 against actual expenditure of Ksh. 115 resulting in under expenditure of Ksh. 9,499,885. The underfunding and under expenditure may have impacted negatively the achievement of the Fund's objectives and service delivery.

Management Response

The management acknowledges the Auditor's observation and wishes to respond as follows: The Fund had an approved final budget of Ksh. 9,500,000 for both receipts and expenditure which comprised of:

- Transfers from County Govt.: 3,500,000
- Interest Income: 1,000,000
- Other Income (from the dept): 5,000,000

However, the projected transfers from the County Government and anticipated departmental income were not realized during the year due to the high loan defaults and the need to prioritize recovery of outstanding receivable balances amounting to ksh. 52,087,559, which is expected to inform future funding. The Fund remains committed to strengthening financial planning, cash flow forecasting, and budget monitoring processes. In the financial year under review we collected ksh. 193,650

Committee Observation

The Committee observed that there was an under-funding of Ksh. 9,497,956 and under expenditure of Ksh. 9,499,885.

Committee Recommendation

The Committee recommends that—

- i. **the Governor ensures the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

- ii. the National Treasury ensures timely disbursement of funds to counties.

Unresolved Prior Year Matters

Review of the status during the audit of the Vihiga County Trade and Enterprise Fund in 2024/2025 revealed the following matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Irregular Expenditure on Use of Goods and Services
2	2023/2024	Unreconciled Variances - Receivables from Exchange Transactions
3	2023/2024	Unsupported Intangible Assets Balance
4	2023/2024	Unsupported Current Portion of Borrowings
5	2023/2024	Reduction in Revolving Fund
6	2023/2024	Lack of Risk Management Policy and Approved Strategic Plan
7	2023/2024	Long Outstanding Loan
8	2023/2024	Lack of Review by Internal Audit

Management Response

The management acknowledges the Auditor's opinion and wishes to respond as follows:

No.	Year	Audit Issue	Response	Status
1	2023/2024	Irregular Expenditure on Use of Goods and Services	Administrative action taken against the administrator.	Addressed.
2	2023/2024	Unreconciled Variances - Receivables from Exchange Transactions	Supporting ledgers were provided	Addressed.
3	2023/2024	Unsupported Intangible Assets Balance	Documents were produced for review	Addressed.

No.	Year	Audit Issue	Response	Status
4	2023/2024	Unsupported Current Portion of Borrowings	Documents were availed for review	Addressed.
5	2023/2024	Reduction in Revolving Fund	Prior end-year adjustment done	Addressed.
6	2023/2024	Lack of Risk Management Policy and Approved Strategic Plan	Documents were produced for review	Addressed.
7	2023/2024	Long Outstanding Loan	Collection efforts are on-going	On-going
8	2023/2024	Lack of Review by Internal Audit	Internal audit team availed workplan	

Committee Observation

The Committee observed that the query remains unresolved as the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2023/2024.

Committee Recommendation

The Committee recommends that-

- i. **the Governor should ensure that the Accounting Officer resolves any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
- ii. **the Governor should ensure that the accounting officer submits the status report on the mitigation measures taken to resolve prior year matters to the Senate and a copy to the Auditor-General within 60 days of the adoption of this report.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

1. Lack of a Risk Management Policy

Review of records revealed that the Vihiga County Trade and Enterprise Fund did not have a Risk Management Policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015. In the circumstances, the effectiveness of risk management in the Fund could not be confirmed.

Management Response

Management stated that at the time of the audit, the Fund did not have an approved and documented Risk Management Policy in place. However, Management has also formulated a comprehensive Risk Management Policy and framework that will incorporate risk identification, assessment, monitoring, and fraud prevention mechanisms.

Committee Observation

The Committee noted that the matter was satisfactorily addressed.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

PAPERS LAID	
DATE	26/3/2026
TABLED BY	Sen. Cheungoy
COMMITTEE	CPS & SF
CLERK AT THE TABLE	Dehrelah

ANNEXTURES

Minutes

PAPERS Laid	
DATE	26/3/2026
TABLED BY	Sen Cherakey
COMMITTEE	C.P. I & S. F
CLERK AT THE TABLE	Belinda



13TH PARLIAMENT 5TH SESSION

MINUTES OF THE FIFTY FIRST SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE HELD ON TUESDAY, 24TH MARCH 2026 IN COMMITTEE ROOM 10, BUNGE TOWER AT 3.00 P.M.

PRESENT

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

ABSENT WITH APOLOGY

- | | |
|---------------------------------|--------------------|
| 9. Sen. Eddy Gicheru Oketch, MP | - Vice-Chairperson |
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SECRETARIAT

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| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 3. Mr. Khatib Omar | - Clerk Assistant III |
| 4. Mr. Victor Kimani | - Audio officer |

A. OFFICE OF THE AUDITOR GENERAL

Mr. Mark Gachanja Liasion

B. ETHICS AND ANTI CORRUPTION COMMISSION

Mr. Patrick Kinoti -Liaison Officer

MIN. NO. SEN/CPICSF/377/2026 PRAYER

The meeting was called to order by the Chairperson at ten minutes past three O'clock in the afternoon followed by a word of prayer.

MIN. NO. SEN/CPICSF/378/2026 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Agnes Kavindu Muthama, MP and seconded by Sen. George Mungai Mbugua, MP as follows –

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

MIN. NO. SEN/CPICSF/379/2026 CONSIDERATION AND ADOPTION OF REPORTS

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

1. Embu Report

Sector	No.	Entity
Water Companies	4	Ngandori water and sanitation company
		Nyagaka water and sanitation
		Embe water and sanitation company limited
		Embu water and sanitation company
Municipality	1	Embu municipality
Hospitals	4	Embu level 5 hospital
		Mbeere sub county hospital
		Runyenjes sub county hospital
		Ishiara sub county hospital
Funds	5	Embu county education support fund
		Embu county climate change fund
		Embu county executive car & mortgage fund
		Embu county government emergency fund

2. Kirinyaga Report

Sector	No.	Entity
Water Companies	2	Kirinyaga County Water and Sanitation plc(KICOWASCO)
		Rukanga Makutano Water and Sanitation plc. (RUMAWASCO)
Municipalities	1	Kerugoya -kutus municipal
Hospitals	3	Sagana sub - county level 4 hospital
		Kianyaga sub county level 4 hospital
		Kimbimbi sub county level 4 hospital
Funds	6	Kirinyaga county executive emergency fund
		County Government of Kirinyaga Executive Mortgage Fund
		Kirinyaga executive car loan & mortgage fund
		Kirinyaga county alcoholic drinks control fund
		Kirinyaga county climate change fund
		Kirinyaga county executive bursary fund

3. Lamu

Sector	No	Entity
Water company	1	Lamu water and sewerage company limited.
Municipality	1	Lamu municipality
Hospitals	3	Lamu county referral hospital
		Faza sub-county hospital
		Mpeketoni sub-county hospital
Funds	4	Lamu county bursary and scholarship fund

		Lamu county climate change fund
		Lamu county emergency fund
		Lamu county executive staff housing fund.

4. Mandera Report

Sector	No.	Entity
Water companies	2	Mandera water and sewerage company (MANDWASCO)
		Elwak water and sanitation company
Municipalities	2	Elwak municipality
		Mandera municipality
Hospital	7	Banisa Sub-County Hospital Kotulo Sub-County Referral Hospital Lafey Sub-County Hospital Mandera Central Sub- County Hospital Mandera County Referral Hospital Mandera North Sub- County Hospital Mandera West Sub-County Hospital
Funds	2	Mandera county climate change fund
		Mandera county education bursary fund

5. Mombasa Report

Sector	No.	Entity
Water company	1	Mombasa water supply and sanitation company
Hospitals	5	Likoni sub-county level 4 hospital
		Tudor sub-county level 4 hospital
		Mrima sub-county level 4 hospital

		Portreitz Sub-County level 4 hospital
		Coast General Teaching & Referral Hospital
Funds	2	Mombasa Alcohol Drinks Control Fund
		Mombasa County Elimu Scheme

6. Murang'a Report

Sector	No.	Entity
Water companies	5	Gatamathi water and sanitation company Gatanga water and sanitation plc Kahuti (Murang'a west) water and sanitation company limited Murang'a south water and sanitation company (MUSWASCO) Murang'a water and sanitation company (MUWASCO) limited
Municipalities	3	Kangari Municipality Kenol Municipality Murang'a Municipality
Hospitals	4	Kandara Sub-County Hospital Kigumo level 4 hospital Maragua Sub- County level 4 hospital Murang'a level 5 hospital
Funds	4	Murang'a county government education and scholarship fund Murang'a county agricultural farm inputs subsidy & incentive fund (afis fund) Murang'a county climate change fund Murang'a county youth fund

7. Nyamira Report

sector	no.	entity
Municipality	1	Nyamira municipality
Hospitals	4	Esani level 4 hospital
		Manga level 4 hospital
		Masaba level 4 sub-county hospital
		Nyamira county referral hospital
Funds	4	Nyamira county education support fund
		Nyamira county emergency fund
		Nyamira county mortgage & car loan (executive) fund
		Nyamira county climate change fund

8. Tana River Report

Sector	No.	Entity
Water company	1	Tana River Water and Sanitation Company Limited
Municipality	1	Hola municipality
Funds	3	Tana river county climate change fund
		Tana river county disaster risk management fund
		Tana river county ward bursary fund

9. Tharaka Nithi Report

Sector	No.	Entity
Water company	1	Nithi water and sanitation company limited
Municipalities	2	Chuka municipality
		Kathwana municipality
Hospitals	3	Chuka referral hospital

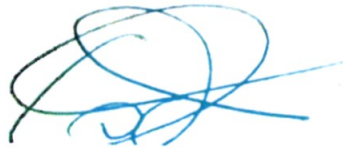
4. Iten County Referral Hospital
5. Tambach Sub-County Hospital
6. Elgeyo Marakwet County Assembly Catering Services Revolving Fund
7. Elgeyo Marakwet Alcoholic Drinks and Control Fund-Executive
8. Elgeyo Marakwet Car and Mortgage Revolving Fund-Executive
9. Elgeyo Marakwet County Climate Change Fund
10. Elgeyo Marakwet Education Fund-Executive.

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

There was no any other business.

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

The Chairperson adjourned the meeting at forty-five minutes past five o'clock in the afternoon. The next meeting would be called on notice.



SIGNED: **DATE: 24/3/2026**

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