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05/03/2024

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SECRETARY
05 MAR 2024
PSC
P.O. Box 41842 - 00100, NAIROBI

PARLIAMENT OF KENYA
THE SENATE

THIRTEENTH PARLIAMENT - THIRD SESSION

REPORT OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FOLLOWING COUNTY ASSEMBLIES:-

COUNTY ASSEMBLY	FINANCIAL YEAR
ISIOLO COUNTY ASSEMBLY	2019/2020
KIAMBU COUNTY ASSEMBLY	2019/2020
KITUI COUNTY ASSEMBLY	2019/2020
MARSABIT COUNTY ASSEMBLY	2019/2020
NAROK COUNTY ASSEMBLY	2019/2020
NYAMIRA COUNTY ASSEMBLY	2019/2020
TRANS NZOIA COUNTY ASSEMBLY	2019/2020
WEST POKOT COUNTY ASSEMBLY	2018/2019 & 2019/2020
MURANG'A COUNTY ASSEMBLY	2019/2020

VOLUME II

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Rt. Hon. Speaker
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J. M. Nyegenye, C.B.S.,
Clerk of the senate/ secretary, PSC
Date: 05/03/24

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APPROVED
RT. HON. SEN
AMASON J. KING'

THE SENATE
PARLIAMENT BUILDINGS
NAIROBI

FEBRUARY, 2024

DC-E.G.

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05/03/2024.

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ACRONYMS/ABBREVIATIONS

BQs - Bill of Quantities
CALC - County Assets and Liabilities Committee
CARA - County Allocation of Revenue Act
CPSB - County Public Service Board
CRF - County Revenue Fund
EACC - Ethics and Anti-Corruption Commission
EGH - Elder of the Order of the Golden Heart
ICT - Information, Communication Technology
IFMIS - Integrated Financial Management System
IGTRC - Intergovernmental Relations Technical Committee
ICPAK - Institute of Certified Public Accountants
IPPD - Integrated Payroll and Personnel Database
KRA - Kenya Revenue Authority
KUSP - Kenya Urban Support Project
LPOs - Local Purchase Orders
LSOs - Local Supply Orders
MCAs - Members of County Assembly
MP - Member of Parliament
NHIF - National Hospital Insurance Fund
OAG - Office of the Auditor General
PAYE - Pay-As -You Earn
PFM - Public Finance Management
PSASB - Public Sector Accounting Standards Board
TNA - Training Needs Assessment
TVET - Technical and Vocational Education Training
UHC - Universal Health Care

DEFINITION OF TERMS

Disclaimer

A disclaimer is when the auditor is unable to fully review an entity's documentation because there is a substantial amount of information that is missing. The absence of information makes it hard and difficult for the Auditor General to make an opinion. In other words, the auditor feels unable to determine whether the situation is qualified or adverse because the paperwork is not adequate. This is a serious lapse in compliance and should be of concern to oversight bodies. A disclaimer indicates that the record keeping is so bad to the extent that the auditor cannot give an opinion.

Adverse Opinion

An adverse opinion is issued when the Auditor General is able to review the entity's documentation supplied for audit purposes and the final audit reveals problems that are widespread and pervasive and will require considerable changes to remedy. Oversight institutions are concerned to recommend remedies to address such anomalies and systems.

Qualified Opinion

This is as a result of the Auditor General finding some problems that are not widespread or persistent with documentation and information supplied. The auditor received all the information required for the audit. However, after review the audit reveals there are some gaps in adherence and compliance to legal procedures.

Unqualified Opinion

This arises when the Auditor General is satisfied with documentation presented for review. It implies that there are no major problems with documentation and information that were presented for assessment and the funds are managed properly.

PREFACE

Mr. Speaker Sir,

Committees are a creation of the Constitution through Article 124(1) of the Constitution which empowers each House of Parliament to establish Committees and make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its Committee.

The County Public Accounts Committee is established by the Senate pursuant to Standing Order No. 193 and is mandated-

a) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments;

b) Pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments;

c) To examine special reports, if any, of the Auditor-General on county government funds;

d) To exercise oversight over county public accounts.

Committee Membership

Mr. Speaker Sir,

The membership of the Committee comprises of the following Senators-

1. **Sen. Kajwang' Moses Otieno, CBS, MP - Chairperson**
2. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP - Member
4. Sen. Onyonka Richard Momoima, MP - Member
5. Sen. Mwenda Gataya Mo Fire, MP - Member
6. Sen. Methu John Muhia, MP - Member
7. Sen. Okoiti Andrew Omtatah, MP - Member
8. Sen. Omar Mariam Sheikh, MP - Member
9. Sen. Sifuna Edwine Watenya, MP - Member

Committee Secretariat

The secretariat comprises of the following members of staff;

1) Mr Njenga Njuguna - Director, Governance and Accountability
2) Ms. Emmy Chepkwony - H.O.D, Department and Other Select Committees
3) Mr. George Otieno - Principal Clerk Assistant II
4) Mr. Boniface Kiambi - Clerk Assistant I
5) Mr. Crispus Tima - Clerk Assistant I
6) Mr. Kevin Kibet - Clerk Assistant III
7) Ms. Caroline Cheruiyot - Senior Legal Counsel
8) Mr. Jackson Wekesa - Legal Counsel
9) Mr. Hussein Salat - Fiscal Analyst II
10) Ms. Keziah Muthama - Fiscal Analyst III
11) Ms. Sharon Rotino - Research Officer II

12)Mr. Peter Katana - Research Officer III
13)Mr. Martin Mulandi - Research Officer III
14)Ms. Lynette Aseke - Research Officer III
15)Mr. Osman Hire - Research Officer III
16)Mr. Ibrahim Oruko - Media Relations Officer
17)Mr William Zenton - Audio Officer
18)Ms. Lorraine Nabwire - Procurement Officer III
19)Mr. Julius Maganga - Accountant III
20)Mr. James Ngusya - Serjeant-at-Arms

Mr. Speaker Sir,

The Senate Committee on County Public Accounts is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out the post scrutiny of County Governments Budgets.

The Committee was constituted at the commencement of the First Session in September, 2022 pursuant to Senate Standing Order 193(4) which requires the County Public Accounts Committee to be constituted after a general election and shall serve for a period of three sessions. Therefore, the Committee commenced its business in the month of February, 2023.and held several meetings with the County Government entities from the Month of February 2023 where it considered the reports of the Auditor-General for various county entities.

The sittings were primarily investigatory and the Committee received evidence from the Governors as the Chief Executive Officers of the County pursuant to Article 179 (4) of the Constitution. The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2019/2020.

Mr. Speaker Sir,

Article 201 of the Constitution outlines the principles of public finance management to be observed at both levels of government. These include openness, accountability, public participation, prudent and responsible financial management.

This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya. Where any breach of law has an attendant remedy, consequence or penalty in law, recommendations of this report do not preclude any liability that may arise as a result of any legal action within the breach of the prescribed law.

Mr. Speaker Sir,

This report contains ten (10) County Assembly reports for the year 2018/2019 & 2019/2020, listed as volume II that were considered and adopted by the Committee.

The Committee examined the reports of the Auditor-General on the financial statements for West Pokot County Assembly for financial year 2018/2019; Isiolo, Kiambu, Kitui, Marsabit, Narok, Nyamira, Trans Nzoia, West Pokot and Murang'a County Assemblies for the financial year 2019/2020; and identified various fiduciary risks.

During the years under review, some of the ten (10) County Assemblies considered under this report had challenges with submission of documents to the auditors for verification during the audit exercise. The Committee noted that County Assemblies did not avail relevant supporting documents to the Auditor-General during the audit exercise, with only some managing to provide them at a later date. The non-provision of documents therefore, left the entities unable to support expenditures of substantial amount of funds. Further, the county assemblies had weak record management systems thus casting doubts on the suitability and qualifications of staff.

Mr. Speaker Sir,

The reports also revealed that County Assemblies were not able to apply proper accounting practices as stipulated by the Public Sector Accounting Standards Board. Financial statements presented for audit verification exhibited various weaknesses including failure to do regular reconciliations, variances between financial statements and IFMIS balances; payment details and trial balance among other inconsistencies. This resulted in inadequate reporting and presented an inaccurate position of the financial position of the county assemblies.

The reports further showed that a number of County Assemblies had weaknesses in executing their budgets. The County entities did not adhere to their approved budget ceilings set for programs, votes and sub-votes. Thus, there was over-utilization or under-utilization of appropriated funds. The Committee noted that the main cause for under-utilization of budgets was delay in exchequer releases from the National Treasury thereby hampering program implementation and budget execution.
The reports also revealed that some County Assemblies abused the imprest process, from the request, approval, surrender and recovery. Imprests remained outstanding after their due dates of surrender, contrary to the provisions of Regulation 93 (5) of the Public Finance Management (County Governments) Regulation, 2015 which requires temporary imprest holders to account for or surrender imprests within seven days upon returning to their duty stations. Further, Management breached Regulations 93(6) by failing to recover the outstanding imprests from the salaries of the defaulters.

Mr. Speaker Sir,

During the years under review, the Committee noted that majority of the County Assemblies interrogated had not properly updated their assets registers despite the Inter-Governmental Technical Relations Committee (IGTRC) having handed over their report, hence exposing county assets to risk of loss, waste and misuse.

Regarding human resource issues, the Audit reports revealed the following:

i. that some County staff were earning less than a third of their basic pay;
ii. Some County Assemblies were still processing salaries and other benefits outside the Integrated Payroll and Personnel Database (IPPD); and
iii. A number of County Assemblies did not meet the threshold on ethnic inclusivity stipulated under Section 7(2) of the National Cohesion and Integration Act, 2008.

The Committee further observed that County Assemblies did not take action on the issues raised in the report of the Auditor General for previous financial years. This therefore implied that a number of recommendations proposed by the OAG were not implemented thus some audit queries had recurred for several financial years.

Mr. Speaker Sir,

On internal controls, risk management and governance, the Committee noted that a number of county entities had not established Audit Committees contrary to Paragraph 167 of the PFM (County Government) Regulations, 2015. Further, the entities did not have Risk Management policies, Disaster Recovery Plan, ICT Policy and Business Continuity Plan to help prevent and mitigate against risks. This is contrary to Section 158(1) of the Public Finance Management (County Government) Regulation 2015 which requires the County Government entities to develop risk management strategies which include fraud prevention mechanisms and a system of risk management and internal control that builds robust business operations.

In addition to the general observations and recommendations on cross cutting issues across the County Assemblies interrogated and captured in the report, this report details further observations and recommendations for specific audit queries for the respective County Assemblies.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

The Committee observed that the reports of the Auditor General considered had recurring audit issues across a number of County Assemblies. Consequently, the Committee identified the following general observations and recommendations –

1. Lack of an updated fixed assets register

Committee Observation

The Committee observed that a number of the County Assemblies:-

a) had not updated their Fixed Assets Register;
b) had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities inherited from the defunct local authorities. This has affected the correct statement of the assets and liabilities of the entities.

Committee Recommendations

The Committee recommends that the-

a) County entities should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;
b) County entities should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of adoption of this Report; and
c) Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.

2. Payment to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum(CAF)

Committee Observation

The Committee noted that county assemblies made payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) were irregular and unlawful.

Committee Recommendation

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

3. Delay in submission of documents

Committee Observation

The Committee noted that the County assemblies did not submit relevant documents to the Auditor General during the audit exercise contrary to the Section 62 of the Public Audit Act, 2015.

Committee Recommendation

The Committee recommends that the Clerk of the County Assembly undertakes administrative action(s) against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Adverse or Disclaimer opinion, the Committee recommends the sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

4. Pending bills

Committee Observations

The Committee observed that the county assemblies had pending bills that had been outstanding for several years. Further, the entities continued to incur further bills without prioritizing payment of verified pending bills as a first charge in the subsequent financial year as required by law.

Committee Recommendations

The Committee therefore recommends that:

a) the County Assemblies should prioritize payment of all verified pending bills as a first charge in the subsequent financial year;
b) the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time;
c) Pending bills deemed ineligible should be forwarded to the Directorate of Criminal Investigation (DCI) to investigate proper legal action taken against those filing false claims;
d) County Assemblies to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015;
e) the National Treasury takes lead in a multi-agency approach to come up with legislative an procedural measures to deal with accumulation of pending bills in counties within 90 days of adoption of this Report; and
f) The Committee will seek to reintroduce the Prompt Payment Bill with amendments aimed at ring-fencing a certain percentage of the equitable shareable revenue for pending bills and retain money at source to pay pending bills.

5. Budget Control and performance

Committee Observation

The Committee observed that the county assemblies did not receive exchequer releases from the National Treasury on time. This challenges hampered budget implementation in the affected county entities.

Committee Recommendation

The Committee recommends that The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

6. Outstanding imprests

Committee Observations

The Committee noted that the County entities had substantial amounts of outstanding imprest by the close of financial year contrary to Regulations 93(5) of the Public Finance Management (County Government) Regulations, 2015 which requires a holder of a temporary imprest to account for the imprest within seven days after returning to duty station.

Committee Recommendation

The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015.

The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.

7. Lack of ethnic diversity in staff establishment

Committee Observations

The Committee observed that -

a) There was no ethnic diversity among employees of county assemblies as employees were mainly drawn from the dominant community in the county; and

b) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that *no public establishment shall have more than one third of the staff from the same ethnic community.*

Committee Recommendations

The Committee recommends that-

a) The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1) (e) of County Government Act on ethnic inclusivity; and

b) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.

8. Non-compliance with the One Third Basic Salary Rule

Committee Observation

The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

Committee Recommendations

The Committee therefore recommends that -

a) The county entities should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and

b) The Auditor General should continue monitoring the issue in subsequent audit cycles.

9. Prior Year Issues

Committee Observation

The Committee observed that County entities did not take action on issues raised in the Report of the Auditor General for previous financial years even where the reports has been considered by the Committee and a report tabled and adopted by the Senate.

Committee Recommendation
The Committee recommends that the County entities should strictly comply with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General.

10. Failure to establish an Audit Committee

Committee Observations
The Committee observed that in a number of the entities considered, management had not established audit committees to provide oversight on the financial and other operations of their financial affairs as required under Section 167(1) of Public Finance Management (County Governments) Regulation, 2015. In the circumstances, Management is in breach of the law.

Committee Recommendation
The Committee recommends that the county entities should expedite establishment of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.

11. Lack of a Risk Management Policy
Committee Observations
The committee noted that a number of county entities did not have a risk policies framework in place. The committee further observed that lack of risk prevention mechanism may expose the entities to various form of risks.

Committee Recommendation
The Committee recommends that the Accounting Officer for all county entities should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General.

The committee further recommends that the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.

ACKNOWLEDGEMENTS

The Committee appreciates the Office of the Auditor General, The National Treasury, the Office of the Controller of Budget and the Ethics Anti-Corruption Commission for the support they offered to the Committee especially in providing references on various issues under consideration.

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General's Reports for county governments. The Committee further appreciates the cooperation it received from the Speakers and clerks of the various county assemblies who appeared before the Committee.

Final appreciation goes to the distinguished and dedicated members of the Committee and the Secretariat who actively participated and facilitated the proceedings of the Committee meetings.

Mr. Speaker Sir,

I wish to confirm that the resolutions of the Committee in this report were unanimous.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

SIGNED: .....

DATE: 05/03/2024

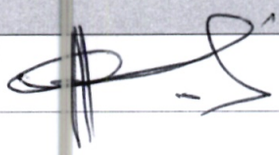
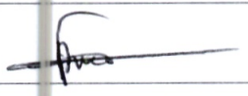
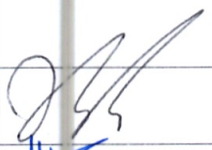
SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON

THE SENATE

THIRTEENTH PARLIAMENT - SECOND SESSION

ADOPTED BY:

NO	NAME	DESIGNATION	SIGNATURE
1.	**Sen. Kajwang' Moses Otieno, MP**	**Chairperson**	
2.	**Sen. Cherarkey Samson Kiprotich, MP**	**Vice-Chairperson**	
3.	Sen. Adan Dullo Fatuma, CBS, MP	Member	
4.	Sen. Onyonka Richard Momoima, MP	Member	
5.	Sen. Mwenda Gataya Mo Fire, MP	Member	
6.	Sen. Methu John Muhia, MP	Member	
7.	Sen. Okoiti Andrew Omtatah, MP	Member	
8.	Sen. Omar Mariam Sheikh, MP	Member	
9.	Sen. Sifuna Edwine Watenya, MP	Member	

CHAPTER ONE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF ISIOLO COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Isiolo County Assembly, Hon. Mohamed Robe Koto, OGW and the Clerk Mr. Salad Boru Guracha, appeared before the Committee on Thursday 16th February, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Isiolo County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
No.	**Query**	**Recommendations**	**Actor**	**Timeline**
1.	**1. Unbudgeted Payments** Payments amounting to Ksh. 1,000,000 and Kshs. 500,000 were paid to the County Assembly Forum (CAF) and The Society of Clerks at the Table (SOCATT) respectively.	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	Clerk, Isiolo County Assembly	Immediate
2.	**2. Failure to Prepare Quarterly Financial Reports** Contrary to Section 166(1) of the Public Finance Management Act, 2012, Management did not prepare quarterly financial and other operational reports	The Committee recommends that- a) The Accounting Officer undertakes administrative action against the responsible officer(s) for failure to prepare quarterly financial reports within the stipulated timelines and submit a report to	The Clerk, Isiolo County Assembly ICPAK	Within 60 days of adoption of this report

	during the year under review.	the Office of the Auditor General within 60 days of adoption of this report; b) The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer(s) for failure to prepare quarterly financial reports which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of adoption of this report; c) The Accounting Officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle; d) The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in		

		conjunction with the National Treasury within 60 days of adoption of this report; and e) Auditor General to follow up during subsequent audit cycles.		

Basis for Qualified Opinion
1.0 Unconfirmed Balances
Balances reflected in the financial statements in respect to prior year adjustments, cash flows for operating activities and pending bills accounts contain errors and anomalies, as outlined below:

1.1 Prior Year Adjustments
The statement of cash flows reflects net credit adjustments totalling Kshs. 5,375,758 made in respect to the prior year adjustment balance and Kshs. 27,948,745 on the 2018/2019 comparative balance respectively. However, supporting documents for the adjustment amounting to Kshs. 5,375,758 were not provided for audit review and as a result, their validity was not confirmed. Further, the audited financial statements for the year ended 30 June, 2019 reflected a nil balance in respect to the account. As a result, the validity of the adjustment amounting Kshs. 27,948,745 reflected in the financial statements for the year under review was not confirmed.

Management Response
The prior year adjustment for the year under review related to changes in estimates in the financial position of the County Assembly of Isiolo. The amount of Kshs. 5,375,758 was transferred back to County Revenue Fund (CRF). In addition, the amount of Kshs. 27,948,745 on the FY 2018/2019 comparative balance was necessitated by a recurring error in the Financial Statement of 2018/2019. The Assembly did the adjustments in the FY 2019/2020 as a prior year adjustment to correct the error in 2018/2019 Financial Statement. The management availed documentations including bank statements and letter to the Central Bank of Kenya for Audit Review.

Committee Observation
The Committee noted that although the management did not submit all the relevant documents and information to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and reconciliation verified by the Auditor.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

1.2 Cash Flows from Operating Activities

The statement of cash flows further reflects previous year cash flows from operating activities balance amounting to Kshs. 410,644,815. However, in the audited financial statements for the year ended 30 June, 2019, the account reflected a balance of Kshs. 409,819,543. The difference of Kshs. 825,272 between the two sets of records was not explained.
In view of these discrepancies, the accuracy of the statement of cash flows for the year ended 30 June, 2020 could not be confirmed.

Management Response
The management concurred that the Assembly used Kshs. 410,644,815 as previous year cash flows from operating activities balance, the reason being during the financial year 2018/2019 this issue was raised by the external auditor as casting error since the correct figure was Kshs. 410,644,815. Hence, they did a prior in the financial adjustment to correct the casting error.

Committee Observation
The Committee noted that although the management did not submit all the relevant documents and information to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and reconciliation verified by the Auditor.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

1.3 Pending Bills
Notes 7.10.1 and 7.10.3 reflect nil balances in respect to pending accounts payables and other pending payables. The Notes indicate that additional information on the bills is reflected in Annex 1 and Annex 3 of the financial statements respectively. However, the two annexures reflect a single balance amounting to Kshs. 20,965,903. Reference to one balance in relation to the two accounts appears to have been made in error.

In the circumstances, the financial statements may not reflect the true and fair view on pending accounts payables and other pending bills.

Management Response
The management acknowledged the auditor's observations. They stated that this was as a result of a posting/typographical error, which had been corrected in the subsequent financial year statements.

Committee Observation
The Committee observed that there was an error in the financial statements which has since been corrected.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.0 Incomplete Fixed Asset Register

Annex 4 to the financial statements reflects a summary of fixed assets register that contains various fixed assets with an aggregate value of Kshs. 473,621,777. However, the actual register does not disclose important information on the assets such as historical cost, condition of the asset, identification by user and location, and the date the asset was acquired.

Consequently, the disclosures made in respect to the assets are not sufficient and as a result, the accuracy and completeness of the assets owned by the County Assembly as at 30 June, 2020 could not be confirmed. In addition, the assets were not adequately safeguarded from misplacement or loss.

Management Response

The Management acknowledged the auditor's observations. They explained that they had since updated the asset register consisting of all the information as required by the law. The assembly had also safeguarded its asset by putting in place bugler proofing doors and windows, CCTV cameras and fulltime armed police officers to ensure security of all its assets. The management availed a copy of the updated asset register for audit review.

Committee Observation

The Committee observed that the management has since provided a fixed asset register.

Committee Recommendation

The Committee observed that the fixed asset register was provided and recommends that the matter be marked as resolved.

Other Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts - recurrent and development combined for the year ended 30 June, 2020 indicates the County Assembly's final budget for the year totalled Kshs. 498,755,158 and actual expenditure Kshs. 476,934,097 resulting in under-expenditure of Kshs. 21,053,061 or 4% of the budget for the year which management attributed to delay in receipt of voted provisions.

Management Response

Exchequer release is controlled from the National Treasury, County Executive and finally the Controller of Budget. Hence the under absorption of budget observed was caused by the delay of release of funds to the County Assembly.

Committee Observation

The Committee observed that there were delays by County Executive in release of budgeted funds.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

1. Unbudgeted Payments

Examination of records on purchase of goods and services indicated that payments amounting to Kshs. 1,000,000 and Kshs. 500,000 were paid to the County Assembly Forum (CAF) and The Society of Clerks at the Table (SOCATT) respectively.

However, there was no evidence to confirm that the payments were included in the budget for the year under review. As a result, the validity of the payments totaling Kshs. 1,500,000 could not be confirmed.

Management Response

The County Assemblies Forum is an umbrella body that brings together all County Assemblies in Kenya. To facilitate its operation, annual subscriptions are remitted by all County Assemblies in Kenya. They perform the following functions for and on behalf of County Assemblies:

- Provide collective representation of County Assemblies.
- Coordination of County Assemblies with National Government units and sometimes international networks to foster capacity development of Assemblies.
- Ease communication and coordination of County Assembly.
- Enhance partnership and networking of County Assemblies.

Enables full realizations of the spirit of the intergovernmental relation act cap 5g which inter alia establishes frame works for consultations and cooperation's between the National and County Government and amongst County Government.

The above-mentioned expenditure was charged under the vote 2211306 (membership fees, dues and subscriptions). The vote had sufficient funds as evidenced by budget extract.

Committee Observation

The Committee noted that the payments made to the County Assembly Forum (CAF) and The Society of Clerks at the Table (SOCATT) were irregular and unlawful.

Committee Recommendation

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

2. Failure to Prepare Quarterly Financial Reports

Audit review of the financial reporting system indicated that contrary to Section 166(1) of the Public Finance Management Act, 2012, Management did not prepare quarterly financial and other operational reports during the year under review. The provision

requires the Accounting Officer in each public entity to prepare, publish and publicize a report for each quarter of the financial year in respect of the activities of the entity and not later than one month after the end of each quarter.

Consequently, Management did not fulfil all accountability reporting requirements set in the law.

Management Response
The management of the County Assembly of Isiolo prepared and sent the quarterly financial reports to the National Treasury. The Management committed to publishing, publicizing quarterly financial reports and sending them to all the relevant bodies as required by law going forward.

Committee Observation
The Committee observed that the County Assembly failed to submit quarterly financial reports to all the relevant bodies as stated in Section 166 of the Public Finance Management Act 2012.

Committee Recommendation
The Committee recommends that-

a) **The Accounting Officer undertakes administrative action against the responsible officer(s) for failure to prepare quarterly financial reports within the stipulated timelines and submit a report to the Office of the Auditor General within 60 days of adoption of this report;**
b) **The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer(s) for failure to prepare quarterly financial reports which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of adoption of this report;**
c) **The Accounting Officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle;**
d) **The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report; and**
e) **The Auditor General to follow up during subsequent audit cycles**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE
Basis for Conclusion
1. Lack of an Information, Communication and Technology (ICT) Policy
Review of the activities of the Information Communication Technology (ICT) Unit confirmed that as in previous years, Management had not established and documented a policy on investment and use of the ICT resources of the County Assembly. Further,

the approved organizational structure for the ICT Unit was not provided for audit review.

In the absence of an approved policy and organizational structure, the County Assembly's ICT resources are unlikely to be used optimally. In addition, controls and risks in use of the resources, including data security and disaster recovery plans may not be effective.

Management Response
The Management acknowledged the auditor's observation. The County Assembly Service Board had since developed and approved Isiolo County Assembly ICT policy.

Committee Observation
The Committee observed that the matter has since been addressed as the County Assembly had since prepared and adopted an ICT Policy.

Committee Recommendation
The Committee noted that the ICT policy was now in place and that the matter be marked as resolved.

2. Lack of Audit Committee
As similarly reported in the previous year, Management has not established an Audit Committee to provide oversight on the financial and other operations of its financial affairs as required in Section 167(1) of Public Finance Management (County Governments) Regulation, 2015. In the circumstances, Management is in breach of the law.

Management Response
The Management acknowledged the auditor's observation. The County Assembly Service Board during the financial year 2020/2021 appointed the audit committee members as required by the law.

Committee Observation
The Committee observed that the matter has since been addressed as the County Assembly had established an Audit Committee.

Committee Recommendation
The Committee noted that the Audit Committee was now in place and that the matter be marked as resolved.

CHAPTER TWO

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KIAMBU COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Kiambu County Assembly, Hon. Charles M. Thiong'o and the Clerk Mr. John Mutie, appeared before the Committee on Thursday 9th February, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kiambu County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	**Query**	**Recommendations**	**Actor**	**Timeline**
1	**1. Fixed Assets** The actual assets register did not indicate the value of assets, their dates of acquisition and condition as at 30 June, 2020. Further, some of the assets were not tagged to indicate their users and location, among other details.	The Committee recommends that the- a) County Assembly should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board; b) County Assembly should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the	The Clerk,	Within 60 days from the date of adoption of this report.

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	**Query**	**Recommendations**	**Actor**	**Timeline**
		Office of the Auditor General within 90 days of adoption of this Report; c) The County Assembly to ensure that all assets are tagged and submit a status report to the Office of Auditor General within 60 days of adoption of this report; and d) Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.		
2	**2.0 Pending Bills** There are pending bills totaling Kshs.132,166,379 which were outstanding as at 30 June, 2020	The Committee therefore recommends that: a) the County Assemblies should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; and	The County Treasury	Continuous

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	**Query**	**Recommendations**	**Actor**	**Timeline**
		b) the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time.		
3	**1.0 Irregular Expenditure.** **1.1 Subscription to speaker's forum** Operating expenses incurred included Kshs.500,000 paid as subscription fees to Society of Clerks at the Table (SOCATT) forum	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	The Clerk	Immediate
4	**1.2 Salaries for Ward Offices Staff** Some of the employees had not signed employment contracts contrary to the provisions of Section 9 (2) of the Employment Act, 2007 which requires employers to draw the contracts and have these consented to by employees	The Committee recommends that the Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance	The Clerk	60 days from the date of adoption of this report.

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	**Query**	**Recommendations**	**Actor**	**Timeline**
		Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report.		
5	**1.3 Rent for ward offices** No records were provided for audit to show how rental payments for Ward Offices totaling Kshs.11, 362,974 were determined.	The Committee recommends; 1) that the Accounting Officer undertakes administrative action against the responsible officer(s) who breached Section 91 and 103(2) of the PPAD Act, 2015 in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report; and 2) that the County Assembly should continuously adhere to section 91 and 103(2) of the	County Assembly Service Board	Within sixty (60) days from the adoption of this report

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	**Query**	**Recommendations**	**Actor**	**Timeline**
		PPAD Act, 2015.		
6	**1.4 Transport Allowances** Domestic travel and subsistence records indicated that Members of the County Assembly and staff were paid transport allowances totalling Kshs.13, 046, 000 while attending meetings in various locations in the Country. The rates were not supported by any authority, or approval from the Salaries and Remuneration Commission.	The Committee recommends that the County Assembly adhere to SRC regulations on payment of mileage claims and provide a status update to the Office of the Auditor General within 60 days of adoption of this report.	Clerk of the County Assembly	Within 60 days of adoption of this report
1	**2.0 lack of ethnic diversity in staff establishment** 82.7% of the staff were members of the dominant ethnic Community in the County contrary to the provisions of Section7 (2) of the National Cohesion and Integration Act, 2008 which requires staff in public entities to represent the diversity of the people of Kenya.	1. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and 2. The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.	The Senate The Clerk of the County Assembly	Sixty (60) days from the date of adoption of this report

EXECUTIVE SUMMARY OF THE UNRESOLVED QUERIES				
S/NO	Query	Recommendations	Actor	Timeline
			County Assembly Service Board	

Basis for Qualified Opinion

1.Fixed Assets

Annex 4 to the financial statements contains a summary of the fixed assets register which reflects assets with historical costs totalling Kshs.573, 144,625 as at 30 June, 2020. However, examination of asset records revealed that the County Assembly did not update the fixed assets register during the year under review in spite expenditure records and the statement of receipts and payments indicating that assets costing Kshs.51, 674,860 were bought in the year. In addition, the actual assets register did not indicate the value of assets, their dates of acquisition and condition as at 30 June, 2020. Further, some of the assets were not tagged to indicate their users and location, among other details.

In view of these omissions, the accuracy and completeness of the fixed assets balance totalling Kshs.573, 144,625 as at 30 June, 2020 could not be confirmed. In addition, the assets were at risk of misplacement and loss.

Management Response

The Management stated that the Assembly relied on data from the Integrated Financial Management Information system (IFMIS) to extract the figures of the fixed assets bought during the year under review. The figure of the assets amounting to Kshs.51, 674,860 bought during the year, included intangible assets of Kshs.50, 000,000 relating to Housing loans to public servants, therefore the Asset register should be updated with assets amounting to Kshs.1, 674,860.

The mortgage issued to staff was classified under Domestic Lending and on lending which was under Acquisition of Assets in the Financial Statements template. This was occasioned by budgeting the staff mortgage under housing loans to public servants in the budget which automatically classified the housing loans to public servants as Assets in the financial statements.

In supplementary budget No. 1 for the financial year 2022-2023, staff mortgage had been reclassified from Housing loans to public servants to Transfers to other Government entities. This will ensure it was correctly factored in the financial statements under Transfers to other Government entities.

To ensure the completeness of the asset register, the Assembly had initiated the process of valuing and tagging its assets and was committed to updating the asset register with the newly acquired assets. The existing asset register had been updated to include assets amounting to Kshs.1, 674,860.

Committee Observation

The Committee noted that the Management provided an updated fixed Assets register.

The Committee further noted that some of The County Assembly's assets had not been tagged to easily identify their users and location.

Committee Recommendation
The Committee recommends that the-

a) **County Assembly should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;**
b) **County Assembly should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of adoption of this Report;**
c) **The County Assembly to ensure that all assets are tagged and submit a status report to the Auditor General; and**
d) **Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.**

Other Matter
1.0 Overall Budget Performance
The statement of comparison of budget and actual amounts-recurrent and development combined for the year indicates that the approved final budget of the County Assembly for the year under review was Kshs.1,194,723,535 out of which Kshs.1,160,723,535 or 97 % was allocated to recurrent expenditure and Kshs.34,000,000 or 3% to development expenditure. Actual expenditure totaled Kshs.996, 372,927 resulting in under-absorption of Kshs.198, 350,608 or 16.6% as tabulated below:

	Budgeted Amount 2019/2020 Ksh.	**Actual Amounts 2019/2020 Ksh.**	**(Under) Absorption Ksh.**	**Under) Absorption %**
Development	34,000,000	0	34,000,000	100
Recurrent	1,160,723,535	996,372,927	164,350,608	14.16
Total	**1,194,723,535**	**996,372,927**	**198,350,608**	**16.6**

As the table shows, the County Assembly did not utilize the approved development vote and as a result, none of the development projects planned for the year were executed. Management did not provide a satisfactory explanation for the anomaly. Failure to implement planned development projects is likely to constrain the capacity of the County Assembly to fulfill its legislative and oversight mandate in the future.

Management Response
The Management submitted that the issue came up as a result of the accounting policy used in preparing the financial statements. The guidelines provided by the Public Sector Accounting Standards Board (PSASB) required that County Governments should use a cash basis of accounting method. Therefore, the computation of budget performance was based on the actual funds received by the Assembly. The commitments for both

goods and services which were not paid by the close of the financial year resulted in pending bills that were not included in the computation of budget performance.
On Recurrent, the County Assembly utilized Ksh. 1,129,051,861 of its approved budget by the end of the financial year. However, Ksh. 996,372,927 had been received and the balance of Ksh.132, 678,934 was not received. The funds that were not received became part of unspent funds which were factored in the subsequent financial year as per section 11 of the County Allocation of Revenue Bill, 2021 which states that; "In preparing the annual Appropriation Bill under subsection (2), the county executive committee member responsible for finance shall include, in the allocation to the County Assembly any unspent funds that had been appropriated to the County Assembly in the immediate preceding financial year."
In the subsequent financial year, the budget factored all programmes that were not achieved in the last financial year. This ensured that services that were to be rendered to Kiambu residents were not disrupted. In addition, the Assembly was engaging the County Executive to adhere to the agreed schedule of disbursement to effectively allow the Assembly to adequately implement its plans.
On the Development budget, the County Assembly had planned development activities to be undertaken during the FY 2019/2020. By the close of the financial year, the Assembly had managed to implement projects totaling Ksh. 16,060,569. However, the requisitions for these funds were not honored and they were declared as pending bills that had since been paid.

Committee Observation
The Committee noted that The Management did not submit all the relevant documents and information to the Auditor General at the time of Audit as per section 62 of the Public Audit Act, 2015, the management has since submitted documents and verified by the auditor.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.0 Pending Bills
Disclosed in Annexures 1 and 2 to the financial statements are pending bills totaling Kshs.132,166,379 which were outstanding as at 30 June, 2020 as summarized below:

Description		**Amount (Ksh)**
1.	Construction of Buildings	18,914,108
2.	Supply of Goods	33,543,853
3.	Supply of Services	40,503,757
4.	Pending Staff Payables	39,204,661
Total		**132,166,379**

Delay in paying for goods and services slows down economic activity and may discourage the private sector from trading with public entities. In addition, payment of

the bills may adversely affect the provisions for the subsequent year to which they have to be charged.

Management Response

Delays in settling the pending bills were a result of undisbursed exchequer releases. However, these funds were factored in our Supplementary budget estimates No. 1 FY 2020/2021 in line with section 11 of the County Allocation of Revenue Bill, 2021 which states that; "In preparing the annual Appropriation Bill under subsection (2), the county executive committee member responsible for finance shall include, in the allocation to the County Assembly any unspent funds that had been appropriated to the county assembly in the immediately preceding financial year." Pending bills had since been paid as follows:

	Description	Amount	Amount Paid	Amount
1.	Construction of Buildings	18,914,108	18,914,108	0
2.	Supply of Goods	33,543,853	29,465,853	4,078,000
3.	Supply of Services	40,503,757	34,048,944	6,454,813
4.	Pending Staff Payables	39,204,661	39,204,661	0
	Total	**132,166,379**	**121,633,566**	**10,532,813**

Committee Observation

The Committee observed that there were delays by County Executive in release of budgeted funds to the County Assembly.

Committee Recommendation

The Committee therefore recommends that:-

a) **the County Assemblies should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; and**
b) **the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time.**

3.0 Prior Year Matters

The audit report for the previous year highlighted several issues raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, contrary to the reporting format prescribed by the Public

Sector Accounting Standards Board, the Management has not annexed to the financial statements a report on progress made in resolving the issues.

Management Response
The assembly submitted a report on progress made in resolving the issues raised in FY 2018/19 as per the Auditor's recommendation. They noted that the Senate County Public Accounts Committee report on consideration of the report of the report of the Auditor general on the Financial Statements of the Kiambu County Assembly for the FY 2018/19 had not been published.

Committee Observation
The Committee observed that the County Assembly did not take action on the issues raised in the Report of the Auditor General for the financial year 2018/2019.

Committee Recommendation
The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General sixty (60) days after the adoption of the report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES
Basis for Conclusion
1.0 Irregular Expenditure
Examination of expenditure records indicated irregularities in expenditures on the following items:
1.1 Subscription to Speakers' Forum
Operating expenses incurred included Kshs.500, 000 paid as subscription fees to Society of Clerks at the Table (SOCATT) forum. However, the County Assembly had not established guidelines or regulations on payment of subscriptions to the forum which is not recognized in law as qualified to receive grants drawn from public funds. As a result, the payment was irregular.

Management Response
The Management submitted as follows:

(a) "SOCATT (k) (Societies of Clerks at The Table) is a legally registered body which promotes best parliamentary procedures and practices within County Assemblies and aids the Assembly in fulfillment of its Constitutional and Statutory Mandate.
(b) All 47 County Assemblies of Kenya are Members and pay subscriptions to the Society
(c) The County Assembly Service Board as a body corporate under the County Assemblies Services Act Section 11 is mandated to inter alia:
Initiate programmes —
(i) For training and capacity building of members and staff of the county assembly and other persons;

(ii) That promote ideals of parliamentary democracy as set out in Article 127(6) (d) of the Constitution; and

(iii) That promote public awareness and participation in the activities of the county assembly; and

(d) Do such other things as may be necessary for the well-being of the members and staff of the county assembly."

Further, section 12(7) of the County Governments Act states inter alia the functions of the County Assembly Service Board as being:

The county assembly service board is responsible for—

"Undertaking, singly or jointly with other relevant organizations, programmes to promote the ideals of parliamentary democracy;"

In line with the mandate of the Board and the mandate of the County Assembly, the subscription with SOCATT (k) had been done lawfully and guided by the principal legislations that stated the functions of the Board and County Assemblies in general.

Committee Observation

The Committee noted that payments made to the Society of Clerks at the Table (SOCATT) were irregular and unlawful.

Committee Recommendation

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

1.2 Salaries for Ward Offices Staff

Compensation of employee records indicated that during the year under review, the County Assembly made payments totaling Kshs.55, 999,999 for basic wages of temporary employees as disclosed in Note 4 to the financial statements. Included in the expenditure was Kshs.32, 880,330 spent on payment of salaries to one hundred and seventy-nine (179) Ward Office staff employed on a one-year contract for the period between 1st July, 2019 up to 30 June, 2020.

However, some of the employees had not signed employment contracts contrary to the provisions of Section 9 (2) of the Employment Act, 2007 which requires employers to draw the contracts and have these consented to by employees.

Consequently, the regularity of the expenditure totalling Kshs.32, 880,330 could not be confirmed.

Management Response

The contracts of employment were regularized by having them signed by the staff. To address this going forward, the County Assembly ensured that all employment contracts were duly signed by all the parties.

Committee Observation

The Committee observed that the County Assembly did not provide sufficient information regarding the Employee Contracts to the Auditor General.

Committee Recommendation

The Committee recommends that the Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report.

1.3 Rent for Ward Offices

No records were provided for audit to show how rental payments for Ward Offices totalling Kshs.11, 362,974 were determined. Consequently, the validity and value for money on the expenditure could not be confirmed.

Management Responses

Upon election and immediate gazettement of the Members of the County Assembly in 2017, the Kiambu County Assembly Service (Ward office) guidelines, 2017 required that an elected member of the County Assembly identified office space to facilitate his or her work within the ward. The Assembly used direct procurement to acquire the office space identified by the Members of the County Assembly pursuant to Section 103 (2) (a) of the Public Procurement and Asset Disposal Act, 2015.

After identification of the office space, the Assembly issued tender documents to the service provider (Landlord/Landlady) who submitted the amount of rent payable per month. This formed the basis upon which rent was determined and paid. The tender document issued to the service provider, and lease agreements signed by the parties were available for audit verification.

Further, the Commission of Revenue Allocation (CRA) had capped the ward operational costs at Kshs. 27,307.70, which included rent. The County Assembly ensured that no ward exceeds the ceiling of Ksh. 27,307.70 by the Commission of Revenue Allocation (CRA).

Committee Observation

The Committee observed that the procurement method used by the County Assembly was not fair, transparent and competitive as required by Article 227 of The Constitution thus a breach of the section 91 and 103(2) of the PPAD Act, 2015.

Committee Recommendation

The Committee recommends;

1) **that the Accounting Officer undertakes administrative action against the responsible officer(s) who breached Section 91 and 103(2) of the PPAD Act, 2015 in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report; and**
2) **that the County Assembly should continuously adhere to section 91 and 103(2) of the PPAD Act, 2015.**

1.4 Transport Allowances

Domestic travel and subsistence records indicated that Members of the County Assembly and staff were paid transport allowances totalling Kshs.13, 046,000 while attending meetings in various locations in the Country. The payments were made at various rates ranging from Kshs.2, 000 to Kshs.13, 000 as follows:

Location		Transport Allowance Rate Ksh.
1.	Nairobi	2,000
2.	Naivasha	5,000
3.	Nakuru	5,000
4.	Nyeri	5,000
5.	Embu	5,000
6.	Laikipia	5,000
7.	Makueni	7,000
8.	Eldoret	9,000
9.	Kajiado	9,000
10.	Kisumu	9,000
11.	Mombasa	13,000

However, the rates were not supported by any authority, or approval from the Salaries and Remuneration Commission. Although the records indicated that Management had in June, 2016 written to the Commission seeking permission to adopt the rates, no record was provided to indicate that the rates were approved.

In the circumstances, the expenditure totalling Kshs.13, 046,000 was irregular.

Management Responses

The Salaries and Remuneration Commission had not provided any guidelines on payment of transport facilitation for Members of the County Assembly and staff to attend to official assignments away from their duty stations.

The mileage claims rates of Kshs.109.8 per kilometer granted to Members of the County Assembly vide circular Ref. No. SRC/TS/CGOVT/3/16 dated 27th November 2013 proved not to be sustainable. According to the circular, the rates were based on standard AA rates which were high.

As a remedy the County Assembly Service Board approved transport facilitation rates that are economical and sustainable for the Assembly. The County Assembly wrote to the Salaries and Remuneration Commission requesting the approval of the rates. The response received did not address the request.

For the Assembly to address this issue, Members of the County Assembly and staff were given reimbursable transport facilitation which was to be accounted for after the completion of official duties.

Committee Observation

The Committee observed that the payment of transport allowance was irregular and a breach of the SRC Circular on payment of mileage claims. The Committee however, also observed that the payment plan adopted by the County Assembly provided for payments of lesser rates than those stipulated under the SRC guidelines.

Committee Recommendation

The Committee recommends the County Assembly adhere to the SRC regulations on payment of mileage claims and provides a status update to the Office of the Auditor General within 60 days of adoption of this report.

2.0 Lack of Ethnic Diversity in Staff Establishment

Review of human resource records revealed that during the year under review, the County Assembly had eighty-one permanent employees. Sixty-seven, or 82.7% of the staff were members of the dominant ethnic Community in the County contrary to the provisions of Section7 (2) of the National Cohesion and Integration Act, 2008 which requires staff in public entities to represent the diversity of the people of Kenya.

Management Response

The openings were advertised nationally and internationally through the website. Consideration was given to the applicants who applied for the positions who were mainly from the dominant ethnic community.

Further, the Assembly inherited a large pool of employees from the defunct local government and had to maintain them.

The Assembly was committed to addressing this issue progressively by expressly stating in the advertisement that "other ethnic groups are encouraged to apply".

Committee Observation

The Committee observed that -

i) there was no ethnic diversity among the County Assembly employees.
ii) due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendation

The Committee recommends that-

i) **The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and**
ii) **The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.**

CHAPTER THREE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KITUI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Kitui County Assembly, Hon. Kevin Kinengo Katisya and the Clerk Mr. Elijah Mutambuki appeared before the Committee on Thursday 9th February, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on the Financial Statements for Kitui County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
S/NO	**AUDIT QUERY**	**COMMITTEE RECOMMENDATIONS**	**ACTORS**	**TIMELINE**
1.	**1. Variances Between Financial Statements and IFMIS Balances.** The balances reflected in the financial statements for the year ended 30 June, 2020 were at variance with Integrated Financial Management Information System (IFMIS) trial balance. The accuracy, validity and completeness of the balances as reflected in the financial statements could not be confirmed	The Committee recommends that- a) The Accounting Officer undertakes administrative action against the responsible officer(s) for failure to undertake reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; b) The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer for misrepresentation of financial statements which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and	1. The County Assembly Clerk & ICPAK	Within sixty (60) days from the date of adoption of this report

		reports to the Committee within 60 days of adoption of this report; c) The accounting officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle; and d) The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.		
2.	**Other Matter Unresolved Prior Year Matters** Various prior year audit issues remained unresolved as at 30 June, 2020. Management has indicated that the issues have been responded to. However, the matters have remained unresolved as the Senate has not met to deliberate on the Same.	The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General sixty (60) days after the adoption of the report.	The Clerk, Kitui County Assembly	Sixty (60) days from the date of adoption of this report

3.	**2. Irregular Payment to County Assemblies Forum (CAF)** CAF is not an establishment under the law and therefore the basis for making the payment could not be ascertained. The propriety and validity of the expenditure of Kshs.4, 488,800 could not be confirmed.	The Committee recommends that the irregular payments to County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	The Clerk, Kitui County Assembly	Immediate
4.	**4. Staff Ethnic Composition** One hundred and thirty-one (131) or 95% of the employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community. Management was in breach of the law, to this extent.	The Committee recommends that- 1. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and 2. The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.	The Senate The Kitui CASB	Within sixty (60) days from the date of adoption of this report

5.	**Inactive Audit Committee** The Audit Committee was dormant contrary to 172(1) of Public Finance Management (County Governments) Regulations, 2015 which requires the Audit Committee to meet at least once in every three months. And therefore, the expected assurance on risks management and internal controls was not realized.	The Committee recommends that; 1. the county Assembly should expedite establishment of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report; 2. The County Assembly should enhance staffing of the Internal Audit Unit and build capacity of the staff for effective service delivery; and 3. The Auditor General to monitor the proper functioning of the Committee during the next audit cycle.	The Kitui County Assembly Service Board Auditor General	Immediate
6.	**Internal Audit Function** The internal audit function reports functionally to the Clerk who is the Accounting Officer of the County Assembly thereby impairing its independent. This is contrary to Regulation 155(1) of the Public Finance	The Committee recommends that; 1) The Head of Internal Audit should functionally report to the Audit Committee and administratively to the Accounting Officer to ensure operational independence and comply with the provisions of the law. 2) The Auditor General to monitor the	Head of Internal Audit The County Assembly Clerk Office of the Auditor General	Immediate

	Management (County Governments) Regulations, 2015 that stipulates that the Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Accounting Officer to ensure operational independence. The independence of the internal audit function and its ability to provide effective oversight over the operations of the County Assembly is in doubt.	operational and financial independence of the internal audit unit to strengthen its oversight role during the next audit cycle.		
7.	**3. Lack of Risk Management Policy and Disaster Recovery Plan** The County Assembly did not have a Risk Management Policy, and Disaster Recovery and Business Continuity Plan in place during the year under review. Under the circumstances, the County Assembly may be exposed to risk of loss of	The Committee recommends that; 1) The Accounting Officer should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit a report to the Auditor General for verification; 2) The Auditor General to closely monitor the development, documentation and communication of these policies within the county assembly.	The Clerk, Kitui County Assembly The Auditor General	Within sixty (60) days from the date of adoption of this report

	critical information assets in an event of a disaster			

Qualified Opinion
Basis for Qualified Opinion

1. Variances between Financial Statements and IFMIS Balances
The following balances reflected in the financial statements for the year ended 30 June, 2020 were at variance with Integrated Financial Management Information System (IFMIS) trial balance as summarized below:

Item Description	Financial Statements Balance (Kshs.)	IFMIS Trial Balance (Kshs.)	Variance (Kshs.)
Exchequer Releases	876,406,892	2,288,126,893	(1,411,720,001)
Communication, Supplies and Services	7,932,616	7,739,666	192,950
Domestic Travel and Subsistence	108,838,926	104,411,726	4,427,200
Printing, Advertising and Information Supplies & Services	14,395,615	13,662,043	733,572
Training Expenses	10,046,675	9,911,675	135,000
Hospitality Supplies and Services	85,964,587	80,667,621	5,296,966
Office and General Supplies & Services	11,103,380	10,642,026	461,354
Fuel, Oils & Lubricants	3,013,431	2,570,339	443,092
Routine Maintenance – Vehicles & Other Transport Equipment	2,497,956	2,228,342	269,614
Routine Maintenance – Other Assets	786,933	719,193	67,740
Construction of Buildings	0	10,654,275	(10,654,275)
Refurbishment of Buildings	20,405,199	0	20,405,199
Finance Costs	17,493	0	17,493
Other Payments	4,118,418	0	4,118,418
Recurrent Account	11,250	(44,675,277)	44,686,527
Development Account	5,092	11,454,607	(11,449,515)
Cash in Hand	2021	3,502,702,196	(3,502,700,175)
Accounts Receivables Outstanding Imprest	0	310,000	(310,000)
Accounts Payable-Deposits & Retentions	0	227,203	(227,203)
Withholding Tax	0	(77,261)	77,261
System Required Liabilities	0	(432,987,483)	432,987,483
Cash Clearing Account	0	(4,208,822,238)	4,208,822,238
Fund Balance B/F	1,916	2,599,626,895	(2,599,624,979)

In the circumstances, the accuracy, validity and completeness of the balances as reflected in the financial statements could not be confirmed.

Management Response

The County Assembly submitted that there were variances between financial statements and Integrated Financial Management Information System (IFMIS) balances during the year under review. The Assembly experienced challenges in using IFMIS. However, the Management requested for assistance from the National Treasury to help in addressing the issue. The National Treasury nominated and sent an officer who took the management through the process. All exchequer releases had been captured in IFMIS as at December 2022.

The Management concurred with Auditor's observation that, there variances between financial statements and IFMIS trial balance for payments done by the Assembly during year under review. This was because the Assembly experienced challenges in using Integrated Financial Management Information System (IFMIS).

The Department of Finance was understaffed and the County Assembly Service Board recruited four additional employees who were inducted, trained and allocated IFMIS responsibilities. The Management is committed in ensuring all payments are done through IFMIS.

Committee Observations

The Committee observed that;

i) there were discrepancies between the financial statements and IFMIS balances;
ii) The discrepancies was due to lack of technical capacity by the staff of the County Assembly to operate the IFMIS modules.

Committee Recommendations

The Committee recommends that;-

1. **The Accounting Officer undertakes administrative action against the responsible officer(s) for failure to undertake reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report;**
2. **The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer for misrepresentation of financial statements which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of adoption of this report;**
3. **The accounting officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle; and**
4. **The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.**

2. Unsupported Remuneration of Ward Offices Staff

The statement of receipts and payments reflects an expenditure of Kshs.434, 877,918 under compensation to employees which, as disclosed in Note 4 to the financial statements, includes an amount of Kshs.47, 215,307 relating to basic wages of temporary employees. The expenditure of Kshs.47, 215,307 was incurred on salaries and allowances for staff employed in the forty (40) Ward Offices across the County. However, supporting documents indicating how the officers were recruited and their terms of service determined, were not provided for audit review.

Under the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.47, 215,307 incurred on ward offices employees could not be confirmed.

Management Response
The Management stated that the ward Offices staff in each of the forty legislative wards of the County applied for employment to County Assembly Service Board through their respective members of Assembly being partisan employees. The process was guided by the board which sets the minimum academic qualification for each cadre of the partisan employees.

The CRA further advised the County Assembly Service Board through a circular, Reference no. CRA/CSO/CMG/9/VOL.V (43) on remuneration terms which the Assembly has implemented to the later.

Committee Observations

The Committee noted that;

i) The management did not submit all the relevant documents and information to the Auditor General at the time of audit in line with section 62 of the Public Audit Act, 2015.
ii) The management has since submitted the accounting documents and verified by the Auditor.

Committee Recommendation

The committee recommends that the matter be marked as resolved as the relevant document has since been availed and verified by the Auditor General.

3. Unsupported Payments for Communication Services
The statement of receipts and payments reflects an expenditure of Kshs.400, 164,031 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.7, 932,616 relating to communication, supplies and services. The latter balance includes an amount of Kshs.817, 368 paid to a service provider for internet connectivity. However, a formal contract agreement stipulating the terms and conditions of services was not provided for audit review. This is contrary to Section135 (1) of the Public Procurement and Asset Disposal Act, 2015 which states

that the existence of a contract shall be confirmed through the signing of a contract document incorporating all agreements between the parties.
Under the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.817, 368 incurred on internet connectivity services could not be confirmed.

Management Response
The Management submitted that there was no formal signed contract between Safaricom Ltd and the County Assembly of Kitui. The arrangement was entered into by the defunct municipal council of Kitui, inherited by the Assembly and continued using the services without interruption. However, the County Assembly of Kitui entered into a formal contract with Safaricom Ltd for the said services since Safaricom offers the best local network in all areas of Kitui County.

Committee Observation
The Committee observed that;

i) the contract agreement between the County Assembly and the service provider was not provided to the Auditor General during the audit period;
ii) The matter has since been satisfactorily addressed as the contract agreement between the county assembly and the service provider has been availed to the Auditor General for verification.

Committee Recommendation
The Committee recommends that the matter be marked as resolved as the relevant document has since been availed and verified by the Auditor General.

4. Ward Operational Expenses
The expenditure of Kshs.400, 164,031 under use of goods and services also includes an amount of Kshs.67, 995,712 in respect of other operating expenses which in turn includes Kshs.50, 497,600 for wards' operational expenses. The expenditure was incurred through imprests issued to forty (40) legislative wards of the County Assembly. Further, an amount of Kshs.100, 000 was paid monthly to each of the forty (40) Wards to cater for costs of assembling County residents and for general ward offices expenses. However, supporting documents for the Kshs.100, 000 monthly allocation was not provided for audit review.
Under the circumstances, the accuracy and validity of the expenditure of Kshs.50, 497,600 incurred on wards' operational expenses could not be confirmed.

Management Response
The Management stated that Devolution demanded a great deal of citizen participation, thus the costs involved in assembling people together and running the offices were necessary to attain the objective of devolution. The County Assembly of Kitui issued Kshs. 100,000 in form of imprests to ward officers through ward operation bank accounts, who withdrew, made payments and surrendered through monthly returns. However, the office realized there was need to train the forty ward officers on financial accountability.

The Commission on Revenue Allocation issued a circular, Reference no. CAR/CSO/CMG/9/VOL.V (43) dated 21st October, 2020 providing a ceiling on ward office expenditures which the County Assembly of Kitui implemented.

Committee Observations

The Committee observed that;

1. the supporting documents on the operational expenses incurred on ward offices were not availed to the Auditor General during the audit period;
2. The matter has since been satisfactorily addressed as the relevant accounting documents has been availed to the Auditor General.

Committee Recommendation

The Committee recommends that the matter be marked as resolved as the relevant document has been availed and verified by the Auditor General.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020.

Management has indicated that the issues have been responded to. However, the matters have remained unresolved as the Senate has not met to deliberate on the same.

Management Response

The Management stated that the matters stood resolved as the Assembly audit reports in question were interrogated by the Senate Committee.

Committee Observation

The Committee observed that the County Assembly did not act on the unresolved audit issues raised in the Report of the Auditor General for the financial year 2018/2019.

Committee Recommendation

The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General sixty (60) days after the adoption of the report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1. Irregular Payment of Penalties and Interest

The statement of receipts and payments reflects an expenditure of Kshs.4, 118,418 under other payments which, as disclosed in Note 12 to the financial statements, relates to penalties and interest due to late remittance of Pay-As-You-Earn (PAYE) deductions to the Kenya Revenue Authority (KRA). No explanation was provided for failure to remit the PAYE deductions to the Kenya Revenue Authority as required by

Section 130 of the Income Tax Act which states Pay as You Earn deducted from employees' earnings should be remitted by the tenth day of the month following the deduction.
In the circumstances, the Management is in breach of the law.

Management Response
The Management stated that the County Assembly of Kitui had dutifully been filling the PAYE returns on time and paying the assessed taxes as required by the law. However, the Management concurred that some tax payments were done not later than 9th of every month hence resulting to imposition of penalties and interest by the Kenya Revenue Authority (KRA). The delays in approval and disbursements to the County Revenue Fund (CRF) from the exchequer. However, the County treasury had taken corrective measures by ensuring money was set aside every month for salaries and statutory deductions.

Committee Observation
The committee observed that;

i) there were penalties incurred by the county assembly due to late remittances of statutory deductions to Kenya Revenue Authority (KRA);
ii) The penalties were occasioned by late exchequer releases by the National Treasury due to the county government.

Committee Recommendation
The Committee recommends that the matter be marked as resolved as the corrective mechanism has since put in place by the County Treasury.

2. Irregular Payment to County Assemblies Forum
During the year under review, an amount of Kshs.4, 488,800 was paid to the County Assemblies Forum (CAF) to cater for County Assemblies' sports and cultural bonanza and the annual legislative summit. However, CAF is not an establishment under the law and therefore the basis for making the payment could not be ascertained.
Under the circumstances, the propriety and validity of the expenditure of Kshs.4, 488,800 could not be confirmed.

Management Response
The Management submitted that the County Assemblies Forum brought together the 47 assemblies on matters legislation, oversight and representation. Consequently, through resolution of the governing council, the annual subscriptions rate was decided and enforced to all assemblies. The main objective of County Assemblies Forum was to coordinate the 47 County Assemblies in Kenya through institutionalization of the law-making process in counties, representation, and advancement of the Oversight capacities of County Assemblies, the National Government and Stakeholders who included the general public. The subscriptions paid to the institution were budgeted in the assembly's budget which were approved by the Boards of respective Assemblies and subsequently approved by the Assemblies in the overall budgets of the counties as per County Government Act 2012 section 8 subsection.

Committee Observation

The Committee noted that payments made to the County Assemblies Forum (CAF) were irregular and unlawful without legal framework to guide CAF operation.

Committee Recommendation

The Committee recommends that the irregular payments to County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

3. Non-Compliance with the One Third of Basic Salary Rule

During the year under review, thirteen (13) officers of the County Assembly were paid net salaries that were less than one third (1/3) of their basic salaries. This is contrary to Section 19(3) of the Employment Act, 2007 which states that the total deductions made by an employer from the wages of their employees at any one time should not exceed two thirds of such wages.

Management was in breach of the law, to this extent.

Management Response

The Management submitted that some employees' deduction exceeded two thirds rule for some months. The Officers listed by the Auditor exceeding the rule were beneficiaries of the county assembly car loans and mortgages schemes. The regulations governing implementation of the staff car and mortgages require the loanee to take loan protection insurance cover against death or permanent disability. The Car and Mortgage committee factored the one third rule in their computation before advancing the loan to the beneficiaries. However, the insurance issue came much later after the mortgage money had been disbursed. The management addressed the issue and no staff was earning less than 1/3 of the basic pay.

Committee Observation

The Committee observed that;

1. county assembly employees were paid less than a third of their basic pay contrary to section 19(3) of the Employment Act;
2. The matter has since been addressed as the Accounting Officer has put in place the necessary corrective measures to comply with the provision of the law.

Committee Recommendation

The Committee recommends that the matter be marked as resolved as the Accounting Officer has instituted a corrective measure.

4. Staff Ethnic Composition

A review of the County Assembly's staff establishment for the year under review revealed that, of one hundred and thirty-one (131) or 95% of the employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community.

Management was in breach of the law, to this extent.

Management Response
The County Assembly gave priority to the employees of the defunct local government thus inheriting most of them. The board submitted they would ensure compliance with ethnic composition in every subsequent recruitment. In addition, staff that left through natural attrition, retirement or any other form, had their replacements recruited considering the ethnicity composition approach to comply with the National Cohesion & Integration, Act 2008.

Committee Observation
The Committee observed that;
1) there was lack of ethnic diversity among the County Assembly employees;
2) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendation
The Committee recommends that-
1) **The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and**
2) **The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Inactive Audit Committee
The County Assembly appointed an Audit Committee of three (3) members on 4 January, 2017. However, minutes of the Audit Committee meetings to show that the committee was robust and active were not provided for audit review. This is contrary to 172(1) of Public Finance Management (County Governments) Regulations, 2015 which requires the Audit Committee to meet at least once in every three months.
In the circumstances, the Audit Committee was dormant and the expected assurance on risks management and internal controls was not realized.

Management Response
The Management concurred with the auditors that the audit committee had never met since its appointment. However, the members were waiting for inauguration, which was since done and the committee was in full operation.

Committee Observation
The committee observed that;
1) The county assembly audit committee has been inactive for a long period.

2) The committee has since been inaugurated to discharge its mandates.

Committee Recommendation
The Committee recommends that;

1) **The County Assembly should enhance staffing of the Internal Audit Unit and build capacity of the staff for effective service delivery; and**
2) **The Auditor General to monitor the proper functioning of the Committee during the next audit cycle.**

2. Internal Audit Function

The internal audit function reports functionally to the Clerk who is the Accounting Officer of the County Assembly thereby impairing its independent. This is contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015 that stipulates that the Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Accounting Officer to ensure operational independence.

In the circumstances, the independence of the internal audit function and its ability to provide effective oversight over the operations of the County Assembly is in doubt.

Management Response

The internal audit was reporting to the Clerk of the Assembly both administratively and functionally because the audit committee was not functional at the time. However, after the Inauguration of the Audit Committee the Internal Audit started reporting to the Audit Committee.

Committee Observation

The committee observed that;

i) The internal audit function reports functionally to the Clerk who is the Accounting Officer of the County Assembly thereby impairing its independence. This is contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015 that stipulates that the Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Accounting Officer to ensure operational independence.
ii) The existing reporting structure has undermined the operational independence of the internal audit unit.

Committee Recommendation
The Committee recommends that;

1) **The Head of Internal Audit should functionally report to the Audit Committee and administratively to the Accounting Officer to ensure operational independence and comply with the provisions of the law.**
2) **The Auditor General to monitor the operational and financial independence of the internal audit unit to strengthen its oversight role during the next audit cycle.**

3. Lack of Risk Management Policy and Disaster Recovery Plan

The County Assembly did not have a Risk Management Policy, and Disaster Recovery and Business Continuity Plan in place during the year under review. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to develop risk management strategies to enable the County to identify and manage risks in order to improve on effective and efficient management of public resources.

In the circumstances, County Assembly may be exposed to risk of loss of critical information assets in an event of a disaster.

Management Response

The Management stated that the County Assembly operated without an approved risk management policy and strategies which should form the basis of assessing and evaluating the risks affecting the financial and non-financial operations of the entity. The Management noted the importance of the same and in the same breadth the Accounting Officer prepared and ensured the approval by the Kitui County Assembly Service Board.

Committee Observation

The Committee noted that;

1) The county assembly did not have a risk policy framework in place;
2) Lack of risk prevention mechanism may expose the county assembly assets to various form of risks.

Committee Recommendation

The Committee recommends that;

1) **The Accounting Officer should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit a report to the Auditor General for verification;**
2) **The Auditor General to closely monitor the development, documentation and communication of these policies within the county assembly.**

CHAPTER FOUR

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MARSABIT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Marsabit County Assembly, Hon Edin Wario, and the Clerk, CPA Chare Mato appeared before the Committee on Monday 5th June, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Marsabit County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
S/NO	**AUDIT QUERY**	**COMMITTEE RECOMMENDATION**	**ACTORS**	**TIMELINE**
1.	**Unsupported Expenditure - Singapore Workshop on Governance and Corruption** the training needs assessment, back to office reports, passports, boarding passes, training programme and evidence of payment to the training institutions were not provided for audit.	The Committee recommends that; - 1. The Accounting officer undertakes administrative action against officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 section 62 of the Public Audit Act and provides a status report to the Committee within sixty (60) days from the adoption of this report; 2. The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015; 3. The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line	The Clerk Marsabit County Assembly	60 days from the date of adoption of this report

		with Regulation 93(7) of the PFM (County Government) Regulations, 2015.		
2	**Budgetary Control and Performance** recurrent and development combined reflects final budgeted receipts of Kshs.816, 944,722 and actual receipts of Kshs.611, 712,727 resulting to a budget shortfall of Kshs.205, 231,995 or 25%. Similarly, the County Assembly spent Kshs.611, 091,586 against an approved budget of Kshs.816, 944,722 resulting to an under-expenditure of Kshs.205, 853,136 or 25% of the budget.	The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.	The National Treasury	Continuous
3	**1. Irregular Payments to County Assembly Forum and Society of Clerks at The Table** Expenditure of Kshs.1,400,000 of membership fees, dues and subscriptions paid to the County Assembly Forum and to the Society of Clerks at The Table (SOCATT)	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	The Clerk, Marsabit County Assembly	Immediate
3.	**2. Irregular Recruitment Processes** i) Nineteen (19) applicants were not considered for shortlisting since they come from other counties. ii)Five successful applicants had not submitted either a certificate of clearance from the Ethics and Ant-Corruption Commission,	The Committee recommends sanctions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 62(2) of the Public Audit Act, 2015 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	The Clerk, Marsabit County Assembly	60 days from the date of adoption of this report.

	Higher Education Loans Board, Criminal Investigation Department, Credit Reference Bureau, the Kenya Revenue Authority or a certificate from professional body			

Qualified Opinion

Unsupported Expenditure - Singapore Workshop on Governance and Corruption

The statement of receipts and payments reflects an expenditure of Kshs.382, 849,907 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.9, 349,368 relating to foreign travel and subsistence allowance. The latter balance includes an amount of Kshs.6, 511,459 paid to Members of the County Assembly (MCAs) and Staff of the County Assembly for attending a workshop on governance and corruption in Singapore for five (5) days.
However, the training needs assessment, back to office reports, passports, boarding passes, training programme and evidence of payment to the training institutions were not provided for audit.
In the circumstances, the accuracy and propriety of the expenditure of Kshs.6, 511,459 could not be confirmed.

Management Response
The expenditure of Kshs. 6,511,459 consist of Ksh 4,531,457 paid to members of County Assembly (MCAs) and staff as foreign travel subsistence allowance while attending governance and Anti-corruption workshop and Ksh 1,980,000 paid to training institution. The management acknowledged that at the time of review, the payment voucher was not sufficiently supported because some of the members of County Assembly had not handed in their boarding passes. However, the County Assembly had since sufficiently supported the payment voucher with training need assessment, back to office report, passport copies, boarding passes and training program. The evidence of payment to training institution were contained in a different payment voucher and were attached.
Payment Voucher that was supported with training need assessment, back to office report, passports, boarding passes and training program as well as extract of bank statement and copy of payment voucher as evidence of payment to the training institution, were attached for the committee review and verification.

Committee Observation
The committee noted that the County Assembly did not provide the training needs assessment, back to office reports, passports, boarding passes, training programme and evidence of payment to the training institutions at time of audit.

Committee Recommendation
The Committee recommends that; -

1) **The Accounting officer undertakes administrative action against officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Committee within sixty (60) days from the adoption of this report;**
2) **the Accounting Officer recovers the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015; and**
3) **recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.**

Key Audit Matters
Other Matter
Budgetary Control and Performance
The statement of comparison of budget and actual amounts - recurrent and development combined reflects final budgeted receipts of Kshs.816, 944,722 and actual receipts of Kshs.611, 712,727 resulting to a budget shortfall of Kshs.205, 231,995 or 25%. Similarly, the County Assembly spent Kshs.611, 091,586 against an approved budget of Kshs.816, 944,722 resulting to an under-expenditure of Kshs.205, 853,136 or 25% of the budget. The underfunding and underperformance constrained execution of planned activities and delivery of services to the residents of Marsabit County.

Management Response
The under expenditure (budget shortfall) of Kshs. 205,231,995 observed by the Auditor consisted of Ksh 57,079,886 relating to recurrent budget allocation that Marsabit County Assembly did not receive as at the closure of the financial year and 148,152,109 is development relating to Construction of Assembly Chamber, an ongoing development project. The construction of Assembly chambers was temporarily halted following capping of Chamber ceiling at 250,000,000 by Commission on Revenue Allocation which was done much later after the Chamber construction has progressed. This capped amount was way below its awarded amount. There were a number of correspondences between Marsabit County Assembly, Commission on Revenue Allocation and department of Public works & Housing trying to justify why we should be exempted from the Capping. The matter was later escalated to senate but it was not resolved in good time to allow construction works to continue. All this time the project had stopped as the controller of budget had declined to authorize release of funds until the matter was resolved hence under absorption.
Thereafter, rampant insecurity was experienced in Marsabit and contractor could not mobilize required skilled labor. In the circumstance the project stalled further leading to under absorption of development funds.
The Letter from Clerk of Marsabit County Assembly to the Principal Secretary, state department for public works referenced MBT/COU/ASS/W/42018/19 & letters of correspondences between Marsabit County Assembly and Commission on Revenue Allocation referenced; MBT/COU/ASS/W/42018/19/2, CRA/C/24/Vol.1 (51) and MBT/COU/ASS/W/42018/19/3), and the Report of senate's standing committee on

Finance and budget tabled on 28th April, 2020, were attached for the committee verification.

Committee Observation
The Committee noted that there were late Exchequer releases from the National Treasury to the County Executive and hence to the County Assembly.

Committee Recommendation
The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

Basis for Conclusion
1. Irregular Payments to County Assembly Forum and Society of Clerks at the Table
The statement of receipts and payments reflects an expenditure of Kshs.1,400,000 under other grants and transfers which, as disclosed in Note 8 to the financial statements, was in respect of membership fees, dues and subscriptions paid to the County Assembly Forum and to the Society of Clerks at The Table (SOCATT) as follows: -

Voucher No	Details	Amount (Kshs.)
17	Being payment for the annual subscriptions due for County Assembly Forum	300,000
123	Being payment for the Society of Clerks At The Table (SOCATT)	500,000
346	Being payment for the annual subscriptions due for County Assembly Forum	600,000
Total		1,400,000

However, the expenditure of Kshs.1,400,000 was not budgeted for contrary to Section 50 (2) of the Public Finance Management (County Governments) Regulations, 2015 which states that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets. Therefore, it could not be confirmed if the expenditure was a proper charge to public funds.

In the circumstances, the value for money for the expenditure of Kshs.1, 400,000 for the year ended 30 June, 2020 could not be confirmed.

Management Response

The Management submitted that both County assemblies Forum (CAF) and Society of clerks at the table (SOCATT) are registered societies under the societies Act Cap 108 of the laws of Kenya whose registration certificate numbers are 42066 and 45386 respectively. These two entities are very valuable for all 47 County Assemblies. CAF promote networking as well as coordinating intergovernmental relations in Kenya through institutionalization of the law making process in the Counties, representation, advancement of oversight capacities of County assemblies, the linkage with National government and stake holders who include general public while SOCATT champions for the welfare of clerks of the legislative arms of the government and its main objective being to harmonize the County Assemblies operation, capacity development of both members and staff of County Assemblies. County Assemblies benefited from SOCATT in a number of ways namely:

- Negotiations on budget ceilings.
- Capacity building of County Assembly staff.
- Development of model manuals for the County Assemblies including human resource manual, committee manual and the procedure and practice manual.

In relation to Auditor's observation on budgetary provision, the amount in question is part payments consisting of Ksh 900,000 paid to County Assembly Forum (CAF) and Ksh 500,000 paid to Society of Clerks at-the table (SOCATT) as progress payments. During the financial year under review the said expenditures was budgeted for under budget item code 2620101 (Subscription to international organization) for lack of a better item code. However, in the subsequent approved budgets following that review, the budget line description had been changed to County Assemblies Forum (CAF) and Society of Clerks At-The-Table (SOCATT) but under the same budget item code 2620101. Further, the payment of these subscription fees were done directly without subjecting it to procurement process hence no procurement plan for this.

Committee Observation

The Committee noted that the payment made to County Assembly Forum and Society of Clerks at the Table was illegal as it was not anchored in the law.

Committee Recommendation

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

2. Irregular Recruitment Processes

The statement of receipts and payments reflects an expenditure of Kshs.167, 275,153 under compensation of employees. Review of personnel documents revealed that the

County Assembly of Marsabit recruited an Audit Committee Chairperson, Audit Committee Members, Internal Auditor, Secretarial Assistant II and support staff. However, out of one hundred (100) applicants for the position of support staff, nineteen (19) applicants were not considered for shortlisting since they come from other counties. This is contrary to Section B.5 of the Public Service Commission Human Resource Policies and Procedure Manuals, 2015 which states that recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

Further, the County Assembly Service Board required the applicants to submit a certificate of clearance from the Ethics and Ant-Corruption Commission, Higher Education Loans Board, Criminal Investigation Department, Credit Reference Bureau, the Kenya Revenue Authority and a certificate from professional body. However, five (5) successful applicants who were paid a total of Kshs.1, 633,400 did not meet the respective criteria as detailed below.

Position	**Missing Documents**	**Allowances / Salary Paid as at 30 June, 2020 (Kshs.)**
Member of Audit Committee	Tax compliance certificate, Ethics and Anti-Corruption Commission clearance, clearance from Credit Reference Bureau and membership certificate of any professional body.	179,500
Member of Audit Committee	Clearance from Credit Reference Bureau and membership certificate of professional body	179,500
Secretarial Assistant II	Certificate of clearance from the Ethics and Anti-Corruption Commission, Higher Education Loans Board, Criminal investigation Department, Credit Reference Bureau and the Kenya Revenue Authority	424,800
Secretarial Assistant II	Certificate of clearance from Higher Education Loans Board, Credit Reference Bureau and the Kenya Revenue Authority	424,800

Secretarial Assistant II	Certificate of clearance from the Higher Education Loans Board, Credit Reference Bureau and the Kenya Revenue Authority	424,800
Total		1,633,400

In the circumstances, the Board was in breach of recruitment policies and the fairness and transparency of the recruitment processes for the year ended 30 June, 2020 could not be ascertained.

Management Response

Management stated that there was no intention to discriminate any applicant but given the low-grade cadre at which support staffs were to be engaged, it was thought these nonskilled labor was in abundance locally and Marsabit County assembly had previously engaged a number of them as casuals. During that recruitment, a number of casuals whose performances merited regularization of their employment benefited. The management regretted any misconception that the decision might have caused and pledged not to repeat.

The clearances certificates from the Ethics and Ant-corruption commission, Higher Education Loans Board, Criminal investigation Department, Credit Reference Bureau, Kenya Revenue Authority and certificate of a professional body were provided for committee review.

Committee Observation

The Committee noted the failure of the County Assembly entity to submit documents on time to the Auditor General to confirm the compliance of the recruited staff with the legal documentation for employment. The Committee also observed that the query was not responded to satisfactorily at the time of appearance

Committee Recommendation

The Committee recommends sanctions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 62 (2) of the Public Audit Act, 2015 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.

3. Unauthorized Overdrawn Imprest Bank Account

The statement of financial position reflects bank balances of Kshs.621, 141 which, as disclosed in Note 13A to the financial statements, includes an amount of Kshs.57, 146 relating to imprest account held in a local bank. However, review of bank statements revealed that the account was overdrawn by Kshs.50, 520,128 on various dates attracting total bank charges of Kshs.1, 260,448. The overdraft was not authorized contrary to Section 119(4) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a county government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by the County Treasury or a Board of a county government entity.

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

Management Response

Marsabit County Assembly has been experiencing frequent delays in disbursements of funds from the National Treasury halting operations and timely payment of salaries. This prompted Marsabit County Assembly Service Board to look for temporary solutions to this recurring challenge and in the meeting that was held on 2nd July, 2019, the Board resolved that Management ought to negotiate for an advance payment from the local banks to cater for salaries whenever there are delays of fund disbursement. That resolution was followed by standing request from accounting officer to Equity bank for payment of staff and members of County Assembly salaries through letter dated 25th July, 2019. Further, Marsabit County Assembly has always provided for bank charges in its budget.

Minutes of the Board and letter from Clerk to Equity bank to support the management response.

Committee Observation

The committee noted that; -

1) The auditors misstated the query as the amount was not an imprest but an overdraft from the imprest account.
2) The matter was satisfactorily addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

4. Irregular Payments for East Africa Local Authorities Sport and Cultural Association Games in Uganda

The statement of receipts and payments reflects an expenditure of Kshs.382,849,907 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.9,349,368 relating to foreign travel and subsistence allowance. The expenditure on foreign travel and subsistence includes an amount of Kshs.505, 370 paid to one Member of the County Assembly and Assembly staff for attending East Africa Local Authorities Sport and Cultural Association (EALASCA) games in Uganda.

Review of the invitation letter revealed that the Kampala City Authority where the EALASCA games were to take place had invited all the speakers, clerks, chairperson of sports Committee and staff Coordinators in the forty-seven (47) County Assemblies in Kenya.

However, no evidence was provided for audit to confirm that the MCA and the staff were among those who were invited to warrant payments of Kshs.505, 370.

In the circumstances, the value for money for the Kshs.505, 370 expenditure for the year ended 30 June, 2020 could not be confirmed.

Management Response

East Africa Local Authorities Sports Association (EALASCA) games took place after successful completion of County Assemblies Sports Association (CASA) games in

Uasin Gishu County. The overall objective of these games was to devolve legislative agenda to the grassroots. In relation to above observation, we wish to agree with the Auditor that during the audit engagement the said expenditure was not sufficiently supported. However, we wish to clarify that the expenditure was incurred for right purpose and that letters from County Assemblies Sports Association (CASA) appointing Hon Sora Katelo, the member in question, to represent Marsabit County Assembly and North Eastern cluster in the East African Local Authority Sports Association (EALASCA) games are hereby provided for your review. In addition, The Honorable member was the chair of sports and education committee as supported by minutes of the committee.

Committee Observation

The committee noted that the matter was satisfactorily addressed.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

CHAPTER FIVE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NAROK COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Narok County Assembly Hon. Davis Dikirr and the Clerk, Mr. Joseph Lengeny, appeared before the Committee on Thursday 23rd February 2023, to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Narok County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
No.	**Query**	**Recommendations**	**Actor**	**Timeline**
1.	**1. Fixed Assets** The Fixed Assets register includes buildings and structures valued at Kshs.81, 306,051 built on land of undetermined value which is not owned by the County Assembly. Under the circumstances, the value of assets of Kshs.127, 612,045 for the year ended 30 June, 2020 could not be confirmed as fairly stated.	The Committee recommends that the- 1. County Assembly should ensure that all assets are presented in the format prescribed by the Public Sector Accounting Standards Board; 2. County Assembly should adopt and implement the report of the Inter-Governmental Relations Technical Committee on assets and liabilities from defunct Local Authorities and take charge by ensuring that all office spaces are occupied or rented out to secure income; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	Clerk Narok County Assembly The Office of the Auditor General	Within Sixty (60) days after the adoption of this report.
2.	**2. Unsupported Pending Bills.**	The Committee therefore recommends that:	Clerk Narok	Within Sixty (60)

	Individual suppliers' files, Acceptance and Inspection Committee minutes and creditors aging analysis were not provided for audit review.	1. The County Assembly should prioritise payment of verified pending bills as its first charge. 2. the accounting officer undertakes administrative actions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Office of the Auditor General within 60 days from the adoption of this report; and 3. the OAG keeps the matter in view in the subsequent audit cycle to ascertain progress.	County Assembly The Office of the Auditor General	days after the adoption of this report.
3.	**3. Omitted Prior Year Balance** The statement of receipts and payments reflects a nil comparative balance under transfers to other Government entities while the audited financial statements for the financial year 2018/2019 reflected an amount of Kshs. 198,499 in respect	The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.	The Clerk, Narok County Assembly	Within Sixty (60) days after the adoption of this report.

	of transfers to other Government entities. The resultant difference of Kshs. 198,499 was not explained or reconciled.			
4.	**4. Unsupported Expenditure on Use of Goods and Services** Kshs. 171,374,908 incurred on travel and subsistence allowances, however, the payment vouchers were not fully supported with approvals, attendance schedules and request for invitations. Included in the expenditure of Kshs.294,901,612 under use of goods and services is also an amount of Kshs.7,615,000 relating to rentals of produced assets which in turn includes an amount of Kshs.6,300,000 paid for rent of Ward Offices for all Members of the County Assembly. However, the payments were not supported by lease agreements and other relevant	The Committee recommends that the accounting officer undertakes administrative actions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within 60 days from the adoption of this report.	The Clerk, Narok County Assembly The Office of the Auditor General	Within Sixty (60) days after the adoption of this report.

	procurement documents. Further, the method used to identify the Ward Offices and determine the rent payable could not be ascertained.			
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
5.	**5. Procurement Budget Allocations** Management did not allocate thirty per cent (30%) of the procurements to women, youth, persons with disabilities and other disadvantaged groups	The Commitee recommends that; 1. The Accounting Officer undertakes administrative action against the responsible officer(s) for breach of Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. the County Assembly should put in place measures aimed at ensuring strict compliance with Section 53(6) of the Public Procurement and Asset Disposal Act, 2015. 3. The OAG keeps the matter in view in the	Clerk Narok County Assembly The Auditor General	Within Sixty (60) days after the adoption of this report.

		subsequent audit cycle to ascertain progress.		
6.	**2 Human Resource Management** **2.1 Payments of Staff outside IPPD** As reported in the previous year, examination of the payroll revealed that the County Assembly of Narok incurred a net salary of Kshs.150, 249,096 out of which Kshs.85, 728,516 or 57% was paid outside the IPPD System. No reasons were provided why some of the employees' salaries were not processed through the IPPD System.	The Committee recommends that the County Assembly should engage the State Department of Public Service to fast-track the issuance of personal numbers to enable them onboard all employees on the Integrated Personnel and Payroll Database (IPPD) System and submits a report to the Auditor General within sixty (60) days of the adoption of this report.	Clerk Narok County Assembly The Auditor General	Within 60 days of the adoption of this report.
7.	**Staff Ethnic Composition** The list of ethnic composition of the staff of County Assembly of Narok was not provided for audit. It was therefore not possible to confirm whether County Assembly of Narok complied with Section 7(2) of the National Cohesion and Integration Act, 2008	The Committee recommends that- 1. The county assembly should work progressively towards attaining the requirement of the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008	The Senate	Continuous

Qualified Opinion
Basis for Qualified Opinion

1. Fixed Assets

The summary of fixed assets register at Annex 4 to the financial statements reflects assets with a historical cost of Kshs.127, 612,045. However, the balance includes buildings and structures valued at Kshs.81, 306,051 built on land of undetermined value which is not owned by the County Assembly. Under the circumstances, the value of assets of Kshs.127, 612,045 for the year ended 30 June, 2020 could not be confirmed as fairly stated.

Management Responses

The land was inherited from the defunct Narok County Council and the documentation process was not complete. At the time of audit, the certificate of lease in favor of Narok County Assembly measuring 2.993 Hectares dated 1st April 2022 was not yet at the managements' disposal. The management followed up with the Narok County Government department of lands and the Assembly had been issued with the lease. The process of valuation had been initiated.

Committee Observation

The Committee observed that:

1) the County Assembly did not have an updated Fixed Assets Register;
2) County Assembly had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities;
3) The County Assembly did not have the values of all the assets and liabilities inherited from the defunct local authorities. Thus, this has affected the correct position of the assets and liabilities of the County Assembly.

Committee Recommendation

The Committee recommends that the-

1) **County Assembly should ensure that all assets are presented in the format prescribed by the Public Sector Accounting Standards Board;**
2) **County Assembly should adopt and implement the report of the Inter-Governmental Relations Technical Committee on assets and liabilities from defunct Local Authorities and take charge by ensuring that all office spaces are occupied or rented out to secure income; and**
3) **Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.**

2. Unsupported Pending Bills.

Annexure 1 to the financial statements reflects pending bills amounting to Kshs. 45,450,446 which were outstanding as at 30 June, 2020. However, individual suppliers' files, Acceptance and Inspection Committee minutes and creditors aging analysis were not provided for audit review. Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the

subsequent year as they form a first charge. Under the circumstances, the accuracy and validity of the pending bills of Kshs. 45,450,446 for the year ended 30 June, 2020 could not be confirmed.

Management Responses
The Management agreed that the financial statements reflected pending bills totaling Kshs. 45,450,446 as at 30 June, 2020 which had not been paid at the close of the year 2019/2020. However, out of the amount, Ksh. 26,347,632.40 had been paid.

Committee Observations
The Committee observed that;

1. The management did not submit all the relevant documents and information to the Auditor General at the time of audit contrary to section 62 of the Public Audit Act, 2015.
2. The pending bills related to previous years.

Committee Recommendation
The Committee therefore recommends that:

1. **The County Assembly should prioritise payment of verified pending bills as its first charge.**
2. **the accounting officer undertakes administrative actions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report; and**
3. **the OAG keeps the matter in view in the subsequent audit cycle to ascertain progress.**

3. Omitted Prior Year Balance
The statement of receipts and payments reflects a nil comparative balance under transfers to other Government entities while the audited financial statements for the financial year 2018/2019 reflected an amount of Kshs. 198,499 in respect of transfers to other Government entities. The resultant difference of Kshs. 198,499 was not explained or reconciled.

Management Responses
The amount of Kshs.198,499 was erroneously omitted from the Financial Statements, however the figure was captured in the Amended Financial statement. Copies of the Amended Financial Statements Extracts were submitted for verification.

Committee Observation

The Committee observed that the County Assembly did not take action on the issues raised in the Report of the Auditor General for the financial year 2018/2019.

Committee Recommendation

The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.

4. Unsupported Expenditure on Use of Goods and Services

The statement of receipts and payments reflects an expenditure of Kshs. 294,901,612 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs. 171,374,908 incurred on travel and subsistence allowances. However, the payment vouchers were not fully supported with approvals, attendance schedules and request for invitations.

Included in the expenditure of Kshs. 294,901,612 under use of goods and services is also an amount of Kshs. 7,615,000 relating to rentals of produced assets which in turn includes an amount of Kshs. 6,300,000 paid for rent of Ward Offices for all Members of the County Assembly. However, the payments were not supported by lease agreements and other relevant procurement documents. Further, the method used to identify the Ward Offices and determine the rent payable could not be ascertained.

Under the circumstances, the accuracy and propriety of expenditure totaling Kshs. 177,674,908 incurred on travel and subsistence allowances and rentals of produced assets could not be confirmed.

Management Response

The management stated that payment vouchers were normally fully supported with all approvals in accordance with the PFMA/ regulations. Duly signed attendance schedules, request and invitations were available for audit verification. In the case of public participation, notices were issued in print media, public notices and local radios. On report writing at times depending on the nature of the subject, house committees retreated outside the county in order to achieve sufficient concentration.

During the financial year, the County Assembly incurred an expenditure of Kshs 6,300,000 on rental expenditure. At the inception of the County Assembly, ward space was sought on need basis with a tenancy agreement in place, to be signed by the landlord and the county assembly upon inception of the contract. However, the Commission on Revenue Allocation since issued a circular No. CRA/CSO/CMG/9/Vol. V/59 dated 21st October 2020. The county assembly had adopted and implemented the circular as provided.

Committee Observation

The Committee observed that the management did not submit all the relevant documents and information to the Auditor General at the time of audit.

Committee Recommendation

The Committee recommends that the accounting officer undertakes administrative actions against the responsible officer(s) who failed to provide the

documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within 60 days from the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

5. Procurement Budget Allocations

During the 2019/2020 financial year, the County Assembly had a budget of Kshs. 151,723,495 in its procurement plan. However, review of procurements awarded during the financial year revealed that Management did not allocate thirty per cent (30%) of the procurements to women, youth, persons with disabilities and other disadvantaged groups contrary to the provisions of Section 53(6) of the Public Procurement and Asset Disposal Act, 2015.

Management Responses

The management submitted that prequalification of suppliers is carried out annually and notices issued in newspapers with wide circulation and the assembly website. However, for this specific period under query, members from the said disadvantaged groups who applied were very few. Further the prequalified suppliers list is continuously updated by new applications from suppliers. Going forward the management will conduct sensitization through the M.C.As, Department of Youth, Gender and Social Services in the County Executive.

Committee Observation

The Committee observed that the Assembly was in breach of Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 which states that, "All procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups."

Committee Recommendations

The Commitee recommends that;

1. **The Accounting Officer undertakes administrative action against the responsible officer(s) for breach of Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;**
2. **the County Assembly should put in place measures aimed at ensuring strict compliance with Section 53(6) of the Public Procurement and Asset Disposal Act, 2015.**
3. **The OAG keeps the matter in view in the subsequent audit cycle to ascertain progress.**

2 Human Resource Management

2.1 Payments of Staff outside IPPD

As reported in the previous year, examination of the payroll revealed that the County Assembly of Narok incurred a net salary of Kshs.150, 249,096 out of which Kshs.85, 728,516 or 57% was paid outside the IPPD System. No reasons were provided why some of the employees' salaries were not processed through the IPPD System.

Management Response

The payment of Salaries outside IPPD was in respect of ward staff who are normally engaged on contract basis at ward offices to assist members of County Assembly who had no payroll numbers because of being above sixty years and others who were yet to bring clearance documents from previous employment government agencies. Currently out of the total number of employees of 124 only seven members are paid outside IPPD. (Appendix 20-6 Copies of IPPD Extracts and ward staff salary summary schedule)

Committee Observation

The Committee noted that seven members of staff are still being paid outside IPPD system.

Committee Recommendation

The Committee recommends that the County Assembly should engage the State Department of Public Service to fast-track the issuance of personal numbers to enable them onboard all employees on the Integrated Personnel and Payroll Database (IPPD) System and submits a report to the Auditor General within sixty (60) days of the adoption of this report.

Staff Ethnic Composition

As reported in the previous year, the list of ethnic composition of the staff of County Assembly of Narok was not provided for audit. It was therefore not possible to confirm whether County Assembly of Narok complied with Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community.

Management Response;

The matter is historical because most employees were inherited from the defunct county council. However, management will ensure new recruitment takes ethnic balance into consideration.

Committee Observations

The Committee observed that;

i) Narok County Assembly had made significant progress in achieving ethnic diversity among its employees.
ii) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public

establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendation

The Committee recommends that the county assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion
Lack of Audit Committee
The County Assembly had not constituted an Audit Committee, contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires each public entity to establish an Audit Committee.

Management Response;
The delay in constituting the audit committee was because of non-responsive application in the advertisements placed due to low committee sitting allowances. However, the committee has since been constituted and gazette notice of members was submitted for verification.

Committee Observation

The Committee noted that the matter has since been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

CHAPTER SIX

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NYAMIRA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Nyamira County Assembly, Hon. Enock Okero, and the Clerk Mr. Daniel Orina, appeared before the Committee on Monday, 5th June, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Nyamira County Assembly for the Financial Year 2019/2020.

Unqualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
S/NO	**AUDIT QUERY**	**COMMITTEE RECOMMENDATION**	**ACTORS**	**TIMELINE**
1	**1.Budgetary Control and Performance** Recurrent and development combined for the year ended 30 June, 2020 reflects budgeted and actual receipts on comparable basis totalling Kshs.5,733,101,393 and Kshs.661,145,614 respectively, resulting to a shortfall of Kshs.51,961,896 or 7% of the budget. In addition, expenditure records indicate that the County Assembly spent Kshs.662, 420,112 against an approved budget of Kshs.713, 107,510 resulting to an under-expenditure of	The Committee therefore recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.	The National Treasury	Immediate

	Kshs.50, 687,398 or 7% of the budget.			
2	**2.Pending Bills** Other disclosures to the financial statements reflects a pending account payables totalling Kshs.20,899,580 as at 30 June, 2020 Failure to settle bills during the year in which they occur distorts the financial statements for that year and adversely affects provisions for the subsequent year to which the bills have to be charged.	The Committee recommends that: 1. The County Assembly should prioritize payments of verified pending bills and make payment of pending bills as its first charge. 2. The OAG keeps the matter in view in the subsequent audit cycle to ascertain progress;	The Clerk, Nyamira County Assembly The Auditor General	Continuous
3.	**1.0 Acquisition of Assets** **1.1 Delay in Construction of Office Building** Inspection carried out during the course of the audit indicated that construction works had only been done up to the second floor. The contractor was not on site and no satisfactory explanation was provided by Management for his absence. In view of these issues, the offices may take longer than expected to be completed and will therefore delay optimal service	The Committee recommends that: 1. The county Assembly expedites the completion of the project to ensure that the county Assembly gets value for money; and 2. The Auditor-General to verify the implementation of the above recommendations within sixty (60) days after adoption of this report.	The Nyamira County Assembly Service Board The Auditor General	60 days from the date of adoption of this report

	delivery and value for money expected of the Project.			
4	**2.4 Appointment of Unqualified Staff** Four (4) officers namely, Director of Internal Audit, Director Legal Research, Director Human Resources and Director Library Services, did not meet the minimum professional requirements for their respective positions as set out in the County Assembly's Scheme of Service. There was no evidence that suitability tests or interviews were carried out to assess whether the officers had the skills and competencies required to serve in their respective positions. Consequently, the appointment of the officers by Management may not be valid.	The Committee recommends that: 1. The Committee recommends that the County Assembly Service Board should continuously comply with the County Assembly's Scheme of Service in its recruitment; and 2. The Committee recommends that the County Assembly takes corrective measures and submit a status report to the Auditor General within sixty days from the adoption of this report.	The Nyamira County Assembly Service Board	60 days from the adoption of this report
5	**2.5 Unauthorized Positions** A review of the personnel records indicated that only one position for Chief Accountant	The Committee recommends that the County Assembly continuously recruits within and strictly complies with the provision of its staff establishment.	The County Assembly Service Board	

	and Senior Sergeant-at-Arms respectively was provided for in the establishment. However, at the time of the audit, each of the two posts had three (3) officers in position and therefore the additional four positions were not authorized.			
6	**2.8Absence of Ethnic Diversity in Staff Establishment.** The County Assembly had 223 employees out of whom 222 or 99.9% were members of the ethnic community dominant in the County The County Assembly is in breach of the law on promotion of ethnic diversity in employment.	The Committee recommends that: 1. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and 2. The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.	The Senate The Nyamira County Assembly Service Board	Sixty (60) days from the date of adoption of this report
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
7.	**1. Lack of Approved Internal Audit Charter and Plan** Internal Audit Unit indicated that during the year under review, the	The Committee recommends the County Assembly should develop an annual activity plan, Internal Audit Charter and strengthen its audit unit and submit a status report to the Auditor General within sixty (60)	The Clerk of the Assembly	

		Unit operated without an approved annual activity plan, Internal Audit Charter and approved budget. Further, the appointment of the Head of the Unit done during the year was not approved by the Audit Committee as required in Paragraph 3.3.5 of the Kenya Gazette Notice No.2690 dated 15 April, 2016.	days of the adoption of this report.		
	8	**2.Delay in Appointment of Audit Committee** the Accounting Officer appointed a new Audit Committee after the term of the previous one expired. However, the new Committee was inducted eleven months after it was appointed and only assumed office in December, 2019. The committee was gazetted in September, 2020.	The Committee thus recommends that the County Assembly should establish an Audit Committee and submit a status report to the Auditor General within sixty (60) days from the adoption of this report.	The Clerk of the Assembly	

Unqualified Opinion
Other Matter
1. Budgetary Control and Performance

The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 reflects budgeted and actual receipts on comparable basis totalling Kshs.5,733,101,393 and Kshs.661,145,614 respectively, resulting to a shortfall of Kshs.51,961,896 or 7% of the budget. In addition, expenditure records indicate that the County Assembly spent Kshs.662, 420,112 against an approved budget of Kshs.713, 107,510 resulting to an under-expenditure of Kshs.50, 687,398 or 7% of the budget.

Management Response
The budgeted amounts for Recurrent and development for year ended 30th June 2020 was Kshs.713, 107,510 and not Kshs.5, 733,101,393 as reflected in the audit report.
The under-expenditure was occasioned by late disbursement to the counties by the National Treasury. The May 2020 and June 2020 exchequer releases were disbursed to counties on 30th June 2020 and 5th August 2020 respectively, Acquisition of assets of Kshs.18, 283,690 was for Proposed Construction of Office Block. These amounts were paid on 9th July 2020 and hence did not form part of the financial statements for the financial year ended 30 June 2020 in accordance with Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

Committee Observation
The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.

Committee Recommendation
The Committee therefore recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.

2. Pending Bills
Note 7.10(1) - other disclosures to the financial statements reflects pending account payables totaling Kshs.20, 899,580 as at 30 June, 2020. Failure to settle bills during the year in which they occur distorts the financial statements for that year and adversely affects provisions for the subsequent year to which the bills have to be charged.

Management Response
The County Assembly had a total of Kshs.20, 899,580 as pending bills as at 30th June, 2020. The amounts of Kshs.20, 899,580 related to services that were offered by various suppliers during the financial year ended 30 June, 2020; however, payment for the services were done and cleared after 30 June, 2020. The breakdown of pending bills is as below:

S/NO	NAME OF SUPPLIER	ITEM	AMOUNTS PAYABLE	DATE PAID	STATUS
1	Jetta	Construction	18,283,690	9th July	Project is on

	builders limited	of office block		2020	going
2	Electro Watts Ltd	Generator	1,918,383	9th July 2020	Generator in Use
3	Ward Office Operation for June 2020	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
4	Nyansiongo Ward	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
5.	Bomwagamo Ward	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
6.	Itibo Ward	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
7.	Ekerenyo Ward	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
8.	Nyamaiya Ward	Ward Office Operation for June 2020	110,000	9th July 2020	Ward Office is operational
9.	Dans Hotel Ltd	Conference Services	37,507	9th July 2020	Service provided

					and cleared
	TOTAL		**20,899,580**		

From the Table 1 above:
(i) Kshs.18, 283,690 related to civil works done by Jetta Builders Ltd for the proposed construction of Nyamira County Assembly office block. Certificate No.5 of Kshs.18, 283,690 was raised on 26th June, 2020 and cash requested to pay the contractor.
The cash was received on 2nd July, 2020 and paid to the supplier on 9th July, 2020. The amounts were disclosed under Note 7.10 - Other disclosures; Note No. 4 as Cash on Transit
In the Financial Statements.
The amounts could not form part of the financial statements for the year ending 30th June 2020 in accordance with Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).
ii) Kshs.1, 918,383 was amounts payable to Electro Watts Ltd for the supply and installation of Generator that had not been paid as at 30th June, 2020 and thus disclosed as a pending bill. The amounts were settled on 9th July 2020.
iii) Kshs.660, 000 was for June 2020 ward office operations for six ward offices each at Kshs.110, 000. The amounts were settled on 9th July 2020.
(iv) Kshs.37, 507 was due to Dans Hotel Ltd for conference package provided for the County Assembly. The amounts were settled on 9th July 2020.

Committee Observation
The Committee noted that the county assembly had failed to settle bills during the year in which they occur thus distorting the financial statements for that year and adversely affects provisions for the subsequent year to which the bills have to be charged.

Committee Recommendation
The Committee therefore recommends that:

i) **The County Assembly should age all pending bills and make payment of pending bills as its first charge.**
ii) **the OAG keeps the matter in view in the subsequent audit cycle to ascertain progress.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1.0 Acquisition of Assets

1.1 Delay in Construction of Office Building

Expenditure records examined indicated that the Management paid Kshs.33, 207, 798 to a contractor hired to build a six-floor office building for Members of the County Assembly and staff. The contract valued at Kshs.367, 000,000 was to be executed in one hundred fifty-six (156) weeks, or three years from 13 June, 2018 to 13 June, 2021. The work schedule had indicated that the contractor would be building the fifth floor by December, 2020. However, inspection carried out during the course of the audit

indicated that construction works had only been done up to the second floor. Further, the contractor was not on site and no satisfactory explanation was provided by Management for his absence. In view of these issues, the offices may take longer than expected to be completed and will therefore delay optimal service delivery and value for money expected of the Project.

Management Response

The work schedule had indicated that the contractor would be building the fifth floor by December, 2020. However the contractor faced the following bottlenecks:

1. Multi-agency involvement in approvals for Designs and Expenditure Ceilings for County Government. Specifically, the following correspondences affected the pace of works.

(i) The Commission on Revenue Allocation through their letter to the State Department of Public Works dated 23rd January 2018 sought budget policy guidelines on county assembly infrastructures.

(ii) The Ministry of Transport, Infrastructure, Public Works, Housing and Urban Development letter to the Commission on Revenue Allocation dated 19th February 2018 on Preliminary findings on designs and estimates developed by Public Works in 2011.

(iii) The Ministry of Transport, Infrastructure, Public Works, Housing and Urban Development letter to the Commission on Revenue Allocation dated 7th June 2018 on Revised Drawings and Bills of Quantities for County Infrastructure.

(iv) The Ministry of Transport, Infrastructure, Public Works, Housing and Urban Development letter to the Senate dated 27th August 2018 on Infrastructure Designs and Expenditure Limits for Proposed County Infrastructure.

These correspondences were never copied to the County Assembly for information and action. The County Assembly, during the same period, developed designs and commenced works for its office block on 13th June 2018 long before the issuance of the revised designs and expenditure limits on 27th August 2018. The contractor raised the first certificate on 10th December 2018.

However, the same was paid on 29th May 2019 following the approval from the Ministry of Transport, Infrastructure, Public Works, Housing and Urban Development.

2. In May 2021, during casting of the 4th slab, the front canopy collapsed resulting in suspension of works by National Construction Authority for a period of 8 months from 28th May 2021 to 2nd February 2022.

3. In the year 2020, there was COVID-19 pandemic and resultant stringent Public Health measures introduced to curb the spread of the virus including restriction of movement which affected implementation of most projects by contractors. The contractors were therefore forced to downsize the number of workers leading to prolonged execution of works at the various sites thus affecting output. The national lock-down also affected movement and delivery of materials and this exacerbated the delays.

To date, the works are at 60% of the contract and a cumulative amount of Kshs. 152,816,506 has been paid off out of the contract sum of Kshs.367, 000,000.

The Contractor is on site and has sought an extension until 17th July 2023.

Committee Observation
The Committee observed that the offices may take longer than expected to be completed and will therefore delay optimal service delivery and value for money expected of the Project.

Committee Recommendation
The Committee therefore recommends that:

1) **The county Assembly expedites the completion of the project to ensure that the county Assembly gets value for money; and**
2) **The Auditor-General to verify the implementation of the above recommendations within sixty (60) days after adoption of this report.**

1.2 Delayed Completion of Car Park and Related Works
Expenditure records examined indicated that a sum of Kshs.5, 003,148 was paid to a contractor hired to build a car park, perimeter fence, access road, gate and gate-house under a contract valued at Kshs.27, 625,516. The contract agreement was signed on 24 June, 2016 and was to be executed in six months up to 24 December, 2016. However, by December, 2020, four years after the end of the contract period, substantial works on the perimeter fence were yet to be done. No adequate explanation was provided by Management for the delayed execution of the project. Consequently, all the utility expected of the project has not been realized.

Management Response
Execution of the Car Park and Perimeter wall were delayed due to the following reasons:
(i) The car park was being used by the County Assembly as there was no alternative parking space, this inconvenienced the contractor.
(ii) During this time, the contractor had to wait for the completion of a different project (Septic Tank and Ablution Block) that was being executed at the same site.
Amid the above challenges, the Perimeter Fence, Car Park and Gate Houses were completed on 16th June 2022 and have been in use since completion.

Committee Observation
The Committee noted that the car park, perimeter fence, access road, gate and gate-house were completed and were in use.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

2.2 Irregular Salary Deductions
Examination of payroll records indicated that salaries paid to eight (8) employees were below one-third of their respective net salaries. Salary deductions were therefore made contrary to Section 19(3) of the Employment Act, 2007 which prohibits deductions in excess of two-thirds of an employee's net salary. No explanation was provided by Management for allowing the deductions that placed the officers at the risk or pecuniary embarrassment.

Management Response
The said officers' net salaries were below one third during the period under review. However, the officers' net pay has since complied with the stipulated one third applicable limit as shown.

Committee Observation
The Committee noted that the eight employees' net salary did not comply with Section 19(3) of the Employment Act, 2007 at time of audit. However, the Committee noted that the County Assembly had rectified the issue.

Committee Recommendation
The Committee recommends that the matter be marked as resolved

2.3 Extended Acting Appointment
Personnel records examined indicated that the Clerk to the County Assembly was appointed on 3 April, 2018 in an acting capacity. At the time of the audit in December, 2020, he had been acting for thirty-three (33) months contrary to Section C.14(1) of Public Service Commission Human Resource Policies and Procedures Manual, 2016 which prescribes six months as the longest period that a public servant may act in any position.

Management Response
The Acting Clerk acted for 33 months and his appointment was renewed by the Board at intervals of three months. The substantive Clerk was on suspension on various allegations as per the letter of suspension.
The Clerk appeared before the County Assembly Service Board to respond on the said allegations on 29th December 2022.
The Board in its meeting on 4th January 2023 resolved that the Clerk's suspension be lifted and that he should report to work immediately. The report of the Board is annexed.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.4 Appointment of Unqualified Staff
Examination of the staff records indicated that four (4) officers namely, Director of Internal Audit, Director Legal Research, Director Human Resources and Director Library Services, did not meet the minimum professional requirements for their respective positions as set out in the County Assembly's Scheme of Service. Further, there was no evidence that suitability tests or interviews were carried out to assess whether the officers had the skills and competencies required to serve in their respective positions. Consequently, the appointment of the officers by Management may not be valid.

Management Response
Management stated that prior to these appointments, the four (4) officers were serving as Directors in other portfolios.
These appointments were as a result of redeployments that were authorized by the County Assembly Service Board. The County Executive acknowledged that there were oversights in the said redeployments.
However, the Board was in the process of rectifying these anomalies.

Committee Observation
The Committee observed that;

i) The four Directors were not qualified for the positions they hold; Director Legal Research had a Bachelor in commerce, The Director Human Resources had a Bachelor in Education, Director Library Services had a bachelor in Human Resource and Director of Internal Audit, lacked a CPA-K.
ii) The county assembly had weak Control Systems.

Committee Recommendation
The Committee recommends that;

1) **the County Assembly Service Board should continuously comply with the County Assembly's Scheme of Service while making appointments; and**
2) **The County Assembly takes corrective measures and submit a status report to the Auditor General within sixty days from the adoption of this report.**

2.5 Unauthorized Positions
A review of the personnel records indicated that only one position for Chief Accountant and Senior Sergeant-at-Arms respectively was provided for in the establishment. However, at the time of the audit, each of the two posts had three (3) officers in position and therefore the additional four positions were not authorized. Consequently, the four positions were irregular and may have resulted in needless use of public funds in payment of salaries and emoluments to the respective officers.

Management Response
The Management acknowledged that there was no revised County Assembly Staff Establishment during the audit period. However, the Management approved a revised Staff Establishment in December 2020.
The authorized number of Chief Accountants for the County Assembly in the revised Staff Establishment is three and the in-post stands at three whereas that of Senior Serjeant-at-arms is two and there are two officers in that rank.

Committee Observation
The Committee noted that the County Assembly did not comply with its staff establishment at the time of audit. However, the Committee noted that the Management approved a revised staff Establishment in 2020.

Committee Recommendation
The Committee recommends that the County Assembly continuously recruits within and strictly complies with the provision of its staff establishment.

2.6 Filled Positions Not in the Approved Staff Establishment
Examination of the County Assembly's Integrated Personnel and Payroll Database (IPPD) for the month of June, 2020 and the approved staff establishment, revealed one hundred and thirty-six (136) filled posts were not in the approved staff establishment. Consequently, the legality of the positions was doubtful and further, the personal emoluments and other expenses spent on the respective staff were irregular.

Management Response
Out of the 136 positions:
96 positions relate to Ward (partisan) staff that were serving in the Ward Offices
6 Staff are contractual staff that were attached to the Speaker of the County Assembly
34 Positions relate to Permanent and Pensionable staff domiciled at the headquarters whose designations were not properly defined in the Integrated Personnel and Payroll Database (IPPD).
The list of designations captured in the Integrated Personnel and Payroll Database (IPPD) under Pay group BA for staff in the County Assemblies is not exhaustive because it has not provided for certain categories of staff who are essential in County Assembly operations. Such positions include some cadres of serjeant-at-arms, Director Legislative Procedure and Committee Services among others.
This situation results in having officers with different designations in their appointment from those picked from the IPPD system to facilitate their payment.
All cadres of staff serving in the County Assembly service (permanent and pensionable, partisan staff and Speaker's staff) are now in the approved County Assembly Staff Establishment.
Further, to harmonize the two scenarios the County Assembly Service Board is in the process of realigning various job titles with those provided for in the Salaries and Remuneration Commission (SRC) job evaluation grading results in the third remuneration and benefits review cycle for the period 2021/2022 – 2024/2025.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.7 Over-Employment of Ward Staff
Examination of personnel records further revealed that each of the twenty (20) elected Members of the County Assembly (MCAs) recruited and appointed four (4) employees to serve in the Wards. However, Circular Ref CRA/CSO/CGM/18/Vol. 8/ (1) of 11 May, 2015 issued by the Commission for Revenue Allocation had authorized appointment of only three (3) employees for each Ward. Consequently, by facilitating

the extra recruitments and appointments, Management breached regulations set on prudent use of public resources.

Management Response
The recommended number of Staff for the County Assembly Members was three per member totaling to one hundred and eight (108) for the thirty-six (36) MCAs.
Due to the nature of investment by the County Assembly in ward offices, it was considered necessary to have two security guards alternating between day and night to secure premises and assets installed there. This resulted in elected MCAs having four staff namely: Personal Assistant, Office Secretary and two (2) Security guards.
This approach has since been revised with elected MCAs having three (3) Staff attached to them effective 3rd October 2022 in compliance with the Commission for Revenue Allocation (CRA) Advisory.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.8 Absence of Ethnic Diversity in Staff Establishment
Examination of personnel records indicated that the County Assembly had 223 employees out of whom 222 or 99.9% were members of the ethnic community dominant in the County. Section 65 (1) of the County Governments Act, 2012 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 in a County. In the circumstance, the County Assembly is in breach of the law on promotion of ethnic diversity in employment.

Management Response
The County Assembly of Nyamira is an equal opportunity employer. This means that Advertisements for recruitment are placed in mainstream media and are open to all Kenyans to apply without discrimination.
This has had a negative impact on complying with the County Governments Act, 2012 which provides that at least thirty (30) percent of vacant posts at entry level be filled by candidates who are not from the dominant ethnic community in a County. The dominant ethnic community in Nyamira is Abagusii and majority of applicants seeking various positions happen to be from the local community.
Since, the County Assembly is already at the peak of the recommended personnel establishment, this matter may be addressed gradually going into the future with positive discrimination and affirmative action to offer other ethnic communities' priority in vacancies that will arise from time to time.
It is also hoped that there might be a piece of legislation from the Senate in future to consider transfer of Staff from One County to another.

Committee Observations

The Committee observed that;

1) There was lack of ethnic diversity among the County Assembly employees;
2) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendation

The Committee recommends that-

1) **The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and**
2) **The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Lack of Approved Internal Audit Charter and Plan

Review of records on the Internal Audit Unit indicated that during the year under review, the Unit operated without an approved annual activity plan, Internal Audit Charter and approved budget. Further, the appointment of the Head of the Unit done during the year was not approved by the Audit Committee as required in Paragraph 3.3.5 of the Kenya Gazette Notice No.2690 dated 15 April, 2016. In view of these constraints, the Unit was not properly set up and facilitated and therefore, could not carry its the roles and responsibilities in an effective way.

Management Response

Management acknowledges the Internal Audit had prepared an Audit Charter, an Annual Work plan and a Budget for the year under review. However, the same documents were not approved by the Audit Committee in good time because of delayed appointment. However, the audit committee was finally appointed on 6th December, 2019.

The Audit Charter, the Annual Work plan and the Budget were subsequently approved and are Available.

Committee Observation

The Committee observed that the County Assembly lacked an annual activity plan and Internal Audit Charter.

Committee Recommendation

The Committee recommends the County Assembly should develop an annual activity plan, Internal Audit Charter and strengthen its audit unit and submit a status report to the Auditor General within sixty (60) days of the adoption of this report.

2. Delay in Appointment of Audit Committee

During the year under review, the Accounting Officer appointed a new Audit Committee after the term of the previous one expired. However, the new Committee was inducted eleven months after it was appointed and only assumed office in December, 2019. The committee was gazetted in September, 2020. In addition, personal records on the appointees were not made available for audit and as a result, their qualifications and suitability could not be confirmed against requirements set in the Kenya Gazette Notice Vol. CXVII- No. 40 of 15 April, 2016. In view of these omissions, oversight and governance in the County Assembly may not have been properly established during the year under review.

Management response

The appointment of the Committee Members was delayed due to poor response from the first advertisement. This necessitated a second advertisement.

Induction for the Audit committee delayed due to measures that were in place during the COVID-19 Pandemic that disallowed physical meetings.

Committee Observation

The Committee observed that the County Assembly does not have an Audit Committee in place.

Committee Recommendation

The Committee thus recommends that the County Assembly should establish an Audit Committee and submit a status report to the Auditor General within sixty (60) days from the adoption of this report.

CHAPTER SEVEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TRANS NZOIA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Trans Nzoia County Assembly, Hon. Andrew Wanyonyi and the Clerk Mr. Moses Lupao, appeared before the Committee on Thursday 23th March, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Trans Nzoia County Assembly for the Financial Year 2019/2020.

Unqualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED AUDIT QUERIES				
No.	**Query**	**Recommendations**	**Actor**	**Timeline**
1.	**1.0 Budget Control and Performance** There was an under-expenditure of Kshs.122,909,207 equivalent to 17% of the budget which occurred in respect to acquisition of assets on which Kshs.21,078,943 was spent against a budget of Kshs.93,600,000, resulting to under expenditure of Kshs.72,521,057 or 77% of the budget. Failure to absorb the significantly large portion of the item's budget meant that most of the assets needed for the County Assembly's use were not acquired and as a result, its	The Committee recommends that: 1. The County Executive should ensure timely release of funds to county assemblies upon disbursement by the National Treasury 2. The Auditor General reviews the matter in the subsequent year	The County Executive Committee Member (CECM), Finance and Economic Planning & The Auditor General	Immediate

	legislative and oversight capabilities may have been inhibited.			
2.	**Previous year's issues.** A follow-up of auditor's recommendations at Note 14 indicates that some issues highlighted in the report for the previous year have not been resolved	The County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report	1. The Clerk, County Assembly 2. The Auditor General	Continous
3.	**Pending Bills** The County Assembly owed pending accounts payable totalling Kshs.55, 716,996 in aggregate. Failure to pay suppliers of goods and services in time slowed down economic activity and may discourage them from trading with public entities.	The Committee therefore recommends that: a) the County Assembly should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; b) the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and c) the Office of the Auditor-General continues to monitor the status of the County Assembly pending	Auditor General	Continuous.

		bill in the subsequent audit cycle.		
4.	**Failure to Observe One-Third Salary Deduction Rule** The net monthly salaries for an average of ten (10) officers were less than one third of their respective basic salaries due to deductions for loans and other non-statutory liabilities made on their gross pay.	The Committee recommends that: The County Assembly should observe the one-third salary deduction rule as stipulated in Section 19 (3) of the Employment Act 2007. The Auditor General should continue monitoring the issue in subsequent financial years	1. The Clerk, County Assembly 2. The Auditor General	immediate

Unqualified Opinion

1.0 Budget Control and Performance

The budget of the County Assembly for the year under review totalled Kshs.717,139,110 and expenditure Kshs.594,229,903 resulting to under-expenditure of Kshs.122,909,207 equivalent to 17% of the budget.

The under-expenditure mainly occurred in respect to acquisition of assets on which Kshs.21,078,943 was spent against a budget of Kshs.93,600,000, resulting to under expenditure of Kshs.72,521,057 or 77% of the budget. Failure to absorb the significantly large portion of the item's budget meant that most of the assets needed for the County Assembly's use were not acquired and as a result, its legislative and oversight capabilities may have been inhibited.

Management Response

The County Assembly stated that it did not receive the stated funds in respect to the approved recurrent and capital expenditure resulting in a budget under absorption of Ksh 122,909,207. The County Assembly further stated that it did not receive recurrent exchequer disbursement of Kshs. 52.8 million from the County Treasury for the month of June 2020 meant for member and Staff salaries and other operational activities that were due and payable. This resulted into pending bills in respect of recurrent expenditure of Kshs. 52.8 million that was then carried forward to the year 2020/2021. The funds were later requisition as a first charge in the Budget of the Year 2020/2021.

Further the County Assembly did not receive the sum of monies equivalent to Kshs. 72,521,057 in respect to approved capital expenditure. This is because a handful of completion certificates amounting to Kshs 21,078,943 were presented in respect of capital projects processed and paid. Certificates amounting to Kshs 13,364,000 in respect of capital projects were presented to the County Assembly late towards closure of financial year making it difficult to requisition for funds , thus forming part of the unreconciled variance as noted by the Auditor, as well as the pending bills carried forward to the year 2020/2021. A sum of Kshs 59,157,057 in relation to capital projects was re-budgeted in the financial year 2020/2021.

Committee Observation
The Committee observed that there were delays by the County Executive in release of budgeted funds.

Committee Recommendation

1. **The Committee recommends that the County Executive should ensure timely release of funds to county assemblies.**
2. **The Committee further recommends that the Auditor General reviews the matter in the subsequent year.**

2.0 Previous Years' Issues
The report on progress on follow-up of auditor's recommendations at Note 14 indicates that issues highlighted in the report for the previous year have been resolved, or are nearing resolution by Management. Confirmation on the actual status of the issues shall be obtained after they are deliberated upon by the Legislature.

Management Response
The County Assembly stated that the previous audit issues raised in the report of The Auditor General had since been interrogated and deliberated upon by the Senate Public Accounts Committee.

Committee Observation
The Committee observed that the County Assembly did not take action on the issues raised in the Report of the Auditor General for the financial year 2018/2019.

Committee Recommendation
The Committee recommends that the County Assembly should strictly comply with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General.

3.0 Pending Bills
Annexures I and II to the financial statements - other disclosures - indicate that as at 30 June, 2020, the County Assembly owed pending accounts payable totalling Kshs.19,484,365 and other pending payables totalling Kshs.36,232,631 or Kshs.55,716,996 in aggregate. Failure to pay suppliers of goods and services in time

slows down economic activity and may discourage them from trading with public entities.

Management Response
The County Assembly stated that the pending accounts payables related to ongoing construction and other civil works at the County Assembly of Kshs 13,364,000 whose certificates of works were issued late towards the end of June 2020. The County Assembly was not able to requisition for the funds from the office of The Controller of Budget. However, the suppliers were later paid in the subsequent financial years.

Pending accounts payable for the supply of services amounting to Kshs 6,120,365 was due to non-receipts of June 2020 Exchequer disbursement of Kshs 52.8 million to County Assembly by the County Treasury. The Suppliers were later paid in the subsequent year upon receiving the unspent balance for the year ended 30 June 2020 from County Treasury.

Pending Accounts payable of Kshs 36,232,631;The Pending accounts payable related to statutory deduction in respect of KRA tax arrears, penalties and Interest of Kshs 20,559,223.82. Lap Fund Pension schemes Penalties and Interest of Kshs 13,253,128.90 and 10% Retention money due to suppliers of Kshs 2,415,279 leading to a total pending payable of Kshs. 36,232,631. The penalties and Interest in relation to KRA and Lap Fund Pension Scheme resulted from late remittance of statutory deductions occasioned by late disbursement of funds by National Treasury to County Assembly.
However, the principal amounts due to KRA were paid and we requested for the waiver of tax interests and penalties as per communication. Similarly, the principal amounts due to Lap Fund Pension Scheme was paid and a request made to waive the interest and penalties imposed thereon.

Committee Observation
The Committee noted that the County Assembly had settled most of the pending bills apart from the issue on the car park which was still in court.

Committee Recommendation
The Committee therefore recommends that:

a) **the County Assembly should prioritize payment of all verified pending bills as a first charge in the subsequent financial year;**
b) **the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and**
c) **the Office of the Auditor-General continues to monitor the status of the County Assembly pending bill in the subsequent audit cycle.**

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1.0 Failure to Observe One-Third Salary Deduction Rule

Analysis of the payroll for permanent employees indicated that, in each month of the year under review, net monthly salaries for an average of ten (10) officers were less than one third of their respective basic salaries due to deductions for loans and other non-statutory liabilities made on their gross pay. The excessive deductions contravened Section 19(3) of the Employment Act, 2007 which prohibits employers from deducting more than two thirds of employee wages. Consequently, the Management breached the law and exposed the respective staff to the risk of pecuniary embarrassment.

Management Response
The County Assembly stated that a few officers were earning below a third of their salaries as observed by the audit. This was due to unauthorized approvals for lending by the financial institutions that were loaded on the payroll thus straining pre-existing commitments. The concerned officers have been asked to regularize their financial commitments to comply with the employment Act.

Committee Observation
The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

Committee Recommendation
The Committee therefore recommends that -

1. **the County Assembly should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law;**
2. **the County Assembly should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and**
3. **The Auditor General should continue monitoring the issue in subsequent financial years.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1.0 Weak Internal Audit Function
As similarly reported in the previous year, the County Assembly in the year under review operated without an Audit Committee, and an approved Audit Charter detailing the purpose, scope and responsibilities of the Internal Audit Unit. In addition, the Unit was functionally and administratively placed under the Clerk of the County Assembly who is the Accounting Officer.

The organizational structure contravened Regulation 155(1) provides that the Internal Auditor shall enjoy operational independence by reporting functionally to the Audit Committee which, however, did not exist in this instance. As a result, the operational independence of the Unit and its effectiveness in monitoring internal control and governance in the County Assembly was doubtful.

Management Response
The Management submitted that the County Assembly did not have the Audit Committee in place because an evaluation of the respondents received from the advertisement revealed that not enough qualified persons expressed interest to serve as Committee members.
However, the County Assembly did re-advertise the positions on the dailies of 6th November 2020 and 25th February 2021. The respondents were shortlisted, interviewed and successful candidates appointed to the position of Chairperson and member of Audit Committee. The Audit Committee was now in place and attached the report by County Assembly Service Board on employment of the Chairperson and members of County Assembly Audit Committee as well as copies of their oath/affirmation of office for verification.
The approved Internal Audit Charter was in place and was availed to the Auditor for verification. The County Assembly stated that the Internal Audit did not report directly to the clerk. In the absence of the Audit Committee the internal audit unit does not report to the County Assembly Service Board (CASB) where the clerk is the secretary. Extract of the Internal Audit department service charter showing the reporting structure of the internal audit unit was attached.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

2.0 Inadequate Information Technology Management Systems
Review of risk management in the County Assembly indicated that Management had not established an elaborate disaster recovery and business continuity plan for the County Assembly's Information and Communication Technology (ICT) function. This was in spite of the omission having been highlighted in previous years' reports. In addition, there was no Information Communication Technology Committee to provide guidance and direction on investment and use of ICT resources. Further, there was no policy on back-up of data and documented user-management standards and procedures that defined user-access rights and other important requirements. Consequently, the County Assembly may not attain secure and effective use of ICT.

Management Response
The Management submitted that the County Assembly had put in place the Disaster recovery and business continuity plan, Information Communication Technology Steering Committee and ICT policy and Procedure Manual on backup of data.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

CHAPTER EIGHT

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WEST POKOT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2018/2019

The Speaker of West Pokot County Assembly, Hon. Fredrick Kaptui Limo, and the Clerk Mr. Benedict Torotich, appeared before the Committee on Thursday 23rd February, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for West Pokot County Assembly for the Financial Year 2018/2019.

Adverse Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
S/NO	**AUDIT QUERY**	**COMMITTEE RECOMMENDATION**	**ACTORS**	**TIMELINE**
1.	**1.0 Presentation of Annual Reports and Financial Statements** The accuracy, validity and completeness of the figures reflected in the financial statements for the year ended 30th June, 2019 could not be confirmed.	The Committee recommends that- 1. County Assembly should present their Financial statements in the format prescribed by the Public Sector Accounting Standards Board; 2. The Accounting Officer undertakes administrative action against the officer(s) responsible for failure to undertake reconciliation of financial statements within the stipulated timelines and submit a report to the Office of the Auditor General	1. The Clerk, West Pokot County Assembly 2. The Auditor General	Sixty (60) days from the date of adoption of this report

		within 60 days of adoption of this report; 3. The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer(s) for misrepresentation of financial statements which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of adoption of this report; 4. The Accounting Officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle; and 5. The Accounting Officer to identify training needs of its staff serving in		

		the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.		
1.	**3.0 Unsupported Accounts Receivable – Outstanding Imprest Register** The statement of financial assets and liabilities reflects accounts receivables outstanding imprests amount of Kshs.1,557,700	The Committee recommends that: 1. The accounting officer undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 62 of the Public Audit Act and provides a status report to the Committee within 60 days from the adoption of this report. 2. The County Assembly should strictly adhere to the provisions of the Public Finance Management Act, 2012 on imprest managements.	1. The Clerk, West Pokot County Assembly 2. The Auditor General	Sixty (60) days from the date of adoption of this report
3.	**5. 4 Unauthorized and Unsupported Other Operating Expenses** A payment of Kshs.1,000,000 was made as subscription to	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) be stopped and further recommends the	1. The Senate 2. The Clerk, West Pokot County Assembly	60 days from the date of adoption of this report

	Society of Clerks-At-The-Table (SOCATT) in respect of financial year 2017/2018. However, no documentation in support of its formation, composition and operation was availed for audit verification.	surcharge of any accounting officer who continues to make the irregular contribution.	3. The Auditor General	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES				
4.	**1.0 Non-compliance with the One Third Basic Salary Rule** Review of the payroll for the months of July, 2018 to June, 2019 indicated that some members of staff earned net salaries less than a third of their basic pay. This was contrary to the requirement of the County Human Resource Manual 2013 and Section 19(3) of the Employment Act, 2007	The Committee recommends that - 1. The County Assembly should provide a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law to the Auditor General within sixty (60) days after the adoption of this report. 2. The county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds. 3. The Auditor General should continue monitoring the issue in subsequent financial years.	1. The Clerk, West Pokot County Assembly 2. The County Assembly Service Board 3. The Auditor General	Sixty (60) days from the date of adoption of this report

4.	**2.0 Noncompliance with the One Third Staff Establishment Rule** The County Assembly had a total of ninety-six (96) employees out of which eighty-six (86) or 90% are from the dominant ethnic community. This is contrary to Section 65(1) (e) of the County Governments Act, 2012	The Committee recommends that- 1. The county assembly should work progressively towards attaining the requirement of the provisions of Section 65(1) (e) of County Government Act on ethnic inclusivity. 2. The County Assembly and CASB should give a work plan on how they will ensure compliance is achieved to the Auditor General within sixty days of adoption of this report.	1. The Clerk, West Pokot County Assembly 2. The County Assembly Service Board 3. The Auditor General	Sixty (60) days from the date of adoption of this report
4.	**4.0 Construction of County Assembly Restaurant and Car Park** Management entered into a contract for the construction of a restaurant and a car park on 3 January, 2014 at a contract sum of Kshs.36,685,718. During the year 2014/2015 expenditure of Kshs.15,765,679 was incurred on the project. However, the payment vouchers in in support of this	The Committee recommends that: 1. The County Assembly management should liaise with EACC to fast-track processing of the matter; 2. Once the investigations are complete, the county assembly should take immediate action to complete the project; 3. The Auditor General should audit the project to ascertain the completion and	The EACC	Ongoing

	payment were not submitted for audit verification. Further, a physical verification of the project in November, 2019 revealed that the project has stalled and there was no budgetary provision in respect of the project during 2018/2019 financial year.	utilization of the said projects in line with this recommendation in the subsequent audit cycle; and 4. The county assembly should undertake proper project conceptualization, planning and execution to ensure timely completion of the project as well as realization of value for money.		
5.	**5.0 Delay in Construction of Modern Assembly Complex** The contract was awarded to a company on 6 January, 2015 at a contract sum of Kshs.358,392,421 and was to take 36 months to be completed in February, 2018. As at 30 June, 2019 certificates raised certified the value of work as Kshs.290,125,246.84 The time had elapsed since the construction works had taken 215 weeks or 114% of the total contract period while the overall works was 76%.	The Committee recommends that; 1. The county assembly takes immediate action to complete the project and provide information on the project status to the OAG and the Senate, within 90 days of adoption of this report; and 2. The Auditor General audits the project to ascertain the completion and utilization of the said projects in line with this recommendation in the subsequent audit cycle.	1. The Clerk, West Pokot County Assembly 2. The Auditor General	Ninety (90) days from the date of adoption of this report

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
3.	**3.0 Weak Internal Audit Function** The internal audit unit has only one officer who reports to Management instead of an Audit Committee. This is contrary to Section 155(1) of the Public Finance Management Act, 2012 and Regulation 155(1) of Public Finance Management (County Governments) Regulations, 2015	The Committee recommends that The County Assembly should prioritize staffing the Internal Audit Unit with qualified personnel.	1. The Clerk, West Pokot County Assembly 2. The County Assembly Service Board 3. The Auditor General	Sixty (60) days from the date of adoption of this report
4.	**4.0 Lack of Risk Management Processes** Management did not have a risk management policy, risk management framework or a risk register. Also, Management did not conduct risk assessment.	The Committee recommends that 1. The County Assembly should conduct risk assessment in line with its Risk Management Policy and take appropriate measures to mitigate the risks. 2. The Auditor General reviews the matter in the subsequent audit cycle.	1. The Clerk, West Pokot County Assembly 2. The Auditor General	Sixty (60) days from the date of adoption of this report
3.	**5.0 Lack of Fixed Assets Register** The statement of receipts and payments reflect acquisition of assets amounting to Kshs.178, 085,387.	The Committee recommends that: The County Assembly should provide an updated fixed assets register in the format prescribed by the Public Sector	1. The Clerk, West Pokot County Assembly 2. The Auditor General	sixty (60) days from the date of adoption of this report

	However, Management did not provide fixed assets register for audit review	Accounting Standards Board (PSASB) to the Auditor General within sixty (60) days from the adoption of this report		

Adverse Opinion
Basis for Adverse Opinion

1.0 Presentation of Annual Reports and Financial Statements
The annual reports and financial statements prepared and presented for audit had the following errors: -

i. The statement of receipts and payments reflects an opening balance under 2017/18 total payments of Kshs.558,129,981 instead of Kshs.558,028,163 resulting to error of Kshs.101,818 which has been omitted in the statement.

i) Comparative figure of Kshs.470,000,000 under Note 1 to the financial statements is missing.

ii) Note 3 to the financial statements reflects a figure of Kshs.117,184,727 whereas the statement of receipt bs reflects Kshs.108,530,360

iii) The comparative figure for outstanding imprest per statement of financial assets and liabilities of Kshs.3,058,300 does not agree with Note 14 of the financial statements figure of Kshs.1,590,600 resulting to an unreconciled variance of Kshs.1,467,700.

iv) Progress on follow up on Auditor's recommendations arising from Auditor's report for the year ended 30 June, 2018 is missing.

v) Comparative figure of Kshs.183,267,938 for use of goods and services does not agree with audited financial statements figure of Kshs.181,800,238 resulting to unreconciled variance of Kshs.1,467,700.

vi) The statement of cash flows reflects cash at the beginning of the year of Kshs.8,732,542 whereas the closing balance in 2017/18 was Kshs 4,529,923 and cash at the end of the year was Kshs.8,732,542instead of Kshs 9,059,846 as per casted figure. The statement of financial assets and liabilities is miss-stated by the same balances.

Consequently, the accuracy, validity and completeness of the figures reflected in the financial statements the year ended 30th June, 2019 could not be confirmed.

Management Response
The Management submitted as follows;

i) The County Assembly would restate the financial statements figures in the 2022-2023 financial year to correctly present the financial statements.

ii) At the time of audit comparative figure of Kshs 470, 000,000 being exchequer release from county treasury was missing as a result of a typing error, and that the County Assembly had taken note of the error and would restate the financial statements in the 2022/2023 financial year. In order to minimize such errors, the financial statements were presented to the internal audit department for verification before submission to Auditor General.

iii) The County Assembly noted that Note 3 to the financial statements reflected a total figure of Kshs 117,184,727 instead of Kshs 108,530,360 as stated in the statement of receipts and payments which was as a result of a typing error. The error did not affect the financial statements which presented the correct amount of Kshs 108,350,360.

iv) The County Assembly confirmed that Note 14 to the financial statements reflected an outstanding imprest figure of Kshs 1,590,600 instead of Kshs 3,058,300 as stated in statement of Financial Assets and Liabilities which was as a result of a typing error. As at 30th June, 2019 the total outstanding imprest was Kshs. 3,058,300 and not Kshs 1,590,600. However, this error did not affect the financial statements.

v) Failure to include the progress on follow up on auditor's recommendation arising from auditor's report for the year ended 30 th June, 2018 was regretted but subsequent financial reports would contain the progress reports on follow up on all the auditor's recommendations.

vi) The audited figure for the 2017/18 financial year for use of goods and services were Kshs 181,800,238. However, before the close of the audit period it was noted that there was an understatement of the domestic travel figure by Kshs 2,564,200 and overstatement of training expenses by Kshs 1,096,500. Consequently, the overall use of goods figure in the financial statements was understated by Kshs 1,467,700. This amount would be restated in the 2022/2023 financial year.

vii) The County Assembly acknowledges the errors in the statement of cash flows and assured the Committee that the Management would restate the 2022/2023 financial years to present the correct financial statements.

Committee Observation

The committee observed that the format of reporting of the financial statements was not as the prescribed format by the Public Accounting Standards Board (PSASB). The Committee noted that the accuracy of financial statements is the responsibility of the Accounting Officer of the entity in accordance with Paragraph 42 (1) (a) of the Public Finance Management (County Governments) Regulations.

Committee Recommendation

The Committee recommends that-

1. **County Assembly should present their Financial statements in the format prescribed by the Public Sector Accounting Standards Board;**
2. **The Accounting Officer undertakes administrative action against the officer(s) responsible for failure to undertake reconciliation of financial**

statements within the stipulated timelines and submit a report to the Office of the Auditor General within 60 days of adoption of this report;

3. **The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer(s) for misrepresentation of financial statements which constitutes professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of adoption of this report;**
4. **The Accounting Officer must ensure strict adherence to the Public Audit Act, 2015 by providing accurate and reliable reconciliations of the financial statements, payment details and the vote books during the audit cycle; and**
5. **The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.**

2.0 Unsupported Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents amount of Kshs.7,174,842 as disclosed under Note 14 to the financial statements. The amount comprises of a bank balance of Kshs.7,174,872 and a Nil cash in hand.

However, no board of survey report was availed for audit verification as at 30 June, 2019 to verify the cash in hand. Further, the bank reconciliation provided for audit verification reflect a Nil cash book balance which resulted in an unexplained variance of Kshs.7,174,872.

Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.7,174,842 reflected in the statement of financial assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response

The Management submitted that at the time of audit documents to support cash and cash equivalent were not provided.

Committee Observation

The Committee noted that the matter has since been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

3.0 Unsupported Accounts Receivable – Outstanding Imprest Register

The statement of financial assets and liabilities reflects accounts receivables outstanding imprests amount of Kshs.1,557,700 as disclosed under Note 14 to the financial statements. However, the supporting schedule for the outstanding imprest show that all the imprest was issued in the financial year ended 30 June, 2018 and had therefore taken more than one year to surrender. Management did not provide an imprest register to confirm recording of opening balance, amount taken during the year, date taken, date due or amount pending at the close of the year.

Consequently, the accuracy validity and recoverability of outstanding imprest balance of Kshs.1,557,700 reflected in the statement of financial assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response
The statement of financial assets and liabilities reflected an account receivable outstanding imprest amount of Kshs. 1,557,700 being imprest which had previously not been surrendered. Although the County Assembly did not have an imprest register, the IFMIS system had a mechanism of issuing and processing of imprest surrenders. The imprests were surrendered in July 2019. Delays in imprest surrender resulted in the adoption of a claim system by management in the 2019/2020 financial year.

Committee Observation
The Committee noted that that:

a) County Assembly did not have an imprest register. Further, there were delays in surrendering imprest contrary to imprest regulations.
b) The management delayed to submit documents to the Auditor General during the audit exercise.

Committee Recommendation
The Committee recommends that;

1) **the accounting officer undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 62 of the Public Audit Act and provides a status report to the Committee within 60 days from the adoption of this report;**
2) **The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015; and**
3) **The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.**

4.0 Unreconciled Variance
The statement of receipts and payments reflects total payments amount of Kshs.664,114,396 which is at variance with the Integrated Financial Management Information System (IFMIS) total payments figure of Kshs.671,571,045, resulting in a variance of Kshs.7,456,649 which has not been explained or reconciled. Under the circumstance, the accuracy and completeness of the total payments figure of Kshs.664,114,396 for the year ended 30 June, 2019 could not be confirmed.

Management Response
The management stated that it had examined and reconciled the total County Assembly expenditure as generated by IFMIS. The reports relied on during this reconciliation included Payments Details, Vote books, Account Analysis, Ledger, and the notes to the financial statements.
From the reconciliation the County Assembly noted that:

a) Data extracted from the system varied depending on the time reports were generated. This is because the end of year period closure extended to the 1st quarter of the 2019/2020 financial year due to payments pending approval from the controller of budget.
b) There were transactions that were voided after 30th June 2019, but before the period closure, examples included:

i. AAR Insurance – medical cover Kshs 16,367,135
ii. ESAMI – Returned cheque - Kshs 459,000
iii. National Assembly Attendance – Family bank Ltd – Kshs 53,960
iv. National Assembly Attendance – Cooperative bank Ltd – Kshs, 40,950
v. Sam com General contractors – Kshs 444,200

c) Certain transactions in the detailed payment report were below the line and didn't affect the primary votes hence not treated as expenditure. These included:

i. Items of withholding tax and
ii. Retention money

As a result of the above there were variances between the two reports.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

5.0 Unsupported Use of Goods and Services
The statement of receipts and payments reflects use of goods and services figure of Kshs.222,370,911 as disclosed under Note 5 to the financial statements. The following observations were made: -

5. 1 Unsupported Domestic Travel and Expenses
Included in the figure is domestic travel and subsistence payments of Kshs.12,503,700 made to Members of the County Assembly (MCAs) and County Assembly staff being subsistence allowance while in Mombasa, Kitale and Nairobi. However, the payment vouchers were not supported by attendance registers, work tickets, flight tickets, minutes of the deliberations and details of the venue and how it was identified.

Management has not explained if the expenditure was a proper charge on public funds given that the meeting could have been conducted in the County Assembly chambers. In addition, the imprest was issued to officers who later paid the beneficiaries contrary to Section 91(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires every payee to be issued with their own imprest.

Management Response
The Management submitted that during the time of audit supporting documents in respect to domestic travel and subsistence payments of Kshs. 12,503,700 made to Members of the County Assembly and staff being subsistence allowances while in Mombasa, Kitale and Nairobi were not provided. The Management provided copies of

attendance registers, work tickets, reports/certificates, and surrenders of imprests to support this expenditure.
The Management confirmed that the expenditure was a proper charge on public funds. In addition, during the financial year the management issued bulk imprest to officers in order to expedite processing of transactions since the County Assembly's IFMIS system was extremely slow as a result of the modems provided by the National Treasury. The Management reported that the National Treasury improved tremendously the Assembly's IFMIS infrastructure in the financial year 2020/2021 and that bulk imprests were no longer issued to facilitate travel.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The Committee recommends that the matter be marked as resolved.

5. 2 Unsupported Foreign Travel and Expenses
The amount includes foreign travel and subsistence expenses of Kshs.19,701,300 made to twenty-eight (28) MCAs while attending conferences in Malaysia and Singapore by international training firms. However, Management did not provide supporting documentation on how the training firms were identified, need for the training, or a report on the training to the County Assembly. Further, it was established that the payments of Kshs.2,154,000 for conference fees was paid to two (2) local firms and not the overseas trainers.

Management Response
During the financial year 2018/2019, Members of the County were trained on various courses in Singapore, Malaysia and Dubai (UAE). These courses ranged from leadership, corporate governance and Anti-corruption reforms and parliamentary skills development. Although these courses are available in the country, the County Assembly Service Board thought it appropriate to let the members learn and adopt best practices from these developed countries. The board therefore approved the trainings to be done in the aforementioned countries in its 705th sitting (MIN.NO.CASB/2522/2018) of 29th October, 2018.
The management took note of the concerns of the Auditor General on supporting documentation; and had submitted the relevant training reports, clearance documents, copies of the member's passports and attendance registers to support the expenditure.
The training for Members of the County Assembly was a one-off need and the County Assembly Service Board saw the need to engage directly authorized training partners with knowledge and capacity to offer linkages to foreign training institutions. Indeed, the firm engaged offered all relevant programs envisaged by the board in its year's calendar.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

5. 3 Unsupported Routine Maintenance
The figure includes routine maintenance of vehicles and other transport equipment figure of Kshs.4,424,143 out of which a total of Kshs.2,406,496 payments were incurred on repairs and service of various motor vehicles. However, the payments were not supported with Local Service Orders (LSO), quotations, invoices and authorizations for service.

Management Response
Management stated that the figure of Kshs 2,406,496 reported as routine maintenance expenditure related to an amount incurred on repairs and services of various County Assembly motor vehicles.
The Management attached copies of payments vouchers, Local Services Orders, Quotations, invoices and authorizations for services to support this expenditure.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

5. 4 Unauthorized and Unsupported Other Operating Expenses
The amount includes other operating expenses of Kshs.7,461,899 out of which Kshs.1,000,000 was subscription payments to Society of Clerks-At-The-Table (SOCATT) in respect of financial year 2017/2018. However, no documentation in support of its formation, composition and operation was availed for audit verification.
Further, the payment for Membership Fees, Dues and Subscriptions to Professional and Trade Bodies for the year 2017/18 was not disclosed in the previous financial statements as a pending bill.

Management Response
The Management submitted that a payment was made to Society of the Clerks-At-The Table (SOCCAT) as subscription for the year 2017/2018, the society is composing of 47 Clerks, and its mandates are outlined.

Committee Observation
The Committee observed that the payment to SOCATT was not supported by any law thus was irregular and unlawful.

Committee Recommendation
The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

5. 5 Unsupported Rentals of Produced Assets
The amount includes rentals of produced assets expenses of Kshs.2,040,000 being rent payments for leased Ward offices. However, the expenditure was not supported by procurement records such as lease agreements.

Management response
The Management stated that the amount Kshs 2,040,000 related to rent payments for leased Ward Offices for twenty elected Members of West Pokot County Assembly. Documents were not provided at the time of audit, however, Management had availed the procurement records, such as lease agreements, and payments vouchers to support the expenditure.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

5. 6 Unsupported Training Expense
The Amount includes training expenses of Kshs.10,026,230 out of which Kshs.5,005,000 payments were made to various hotels for hire of conference facilities. However, Management did not provide relevant supporting documents such as tender documents or quotations, tender opening, evaluation and award committee minutes. Consequently, the accuracy, completeness and validity of use of goods and services of Kshs.222,370,911 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

Management Response
The Management submitted that the hire of the conference facilities for the 2018-2019 and 2019-2020 financial years was budgeted and captured in the annual procurement plan. Advertisement for prequalification of hotels was made on the Daily Nation dated 6th August, 2018. Market survey for the hotels was carried out in areas where members of County Assembly expressed preference for conduct trainings, pursuant to Section 54(3) of the Public Procurement and Asset Disposal Act of 2015. The market survey report analyzed the price and service offered in the various hotels.

The Management confirmed to the Committee that during trainings, the County Assembly utilized the cost and availability of hotels since the County Assembly could not send quotations as prices and services offered differed depending on the time and need for the training. The Management acknowledged the Public Procurement and Asset Disposal Regulations 2020, which had allowed procuring entities to use framework agreements through open tender if the required quantity of goods, works or non-consultancy services could not be determined at the time of entering into agreements.

Committee Observation

The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

6.0 Unsupported Transfers to Other Government Entities
The statements of receipts and payments reflects transfer to other governmen entities amount of Kshs.39,392,606 as disclosed under Note 7 to the financial statements. The amount includes Kshs.2,392,606 Transfers to National Government entities. However, supporting documents, basis of the transfer and the details of the National Government entities that received the money were not provided for audit verification. Further, there were Transfers to County Assembly entities amounts of Kshs.37,000,000 out of which an amount of Kshs.20,000,000 was traced to West Pokot County Assembly staff car loan and mortgage scheme while Kshs.17,000,000 was not supported.

Consequently, the accuracy, completeness and validity of transfer to other government entities of Kshs.39,392,606 reflected in the statement.

Management Response
The County Assembly transferred Kshs 39,392,606) in the financial year 2019/2020 to other Government Entities. The amount included Kshs. 2.392,606 being unspent balances at the end of financial year transferred to the Central Bank Account County Revenue Fund Account. This is evidenced by the County Assembly's Central Bank statement. Further to this, there were transfers to the County Assembly Staff Car Loan and Mortgages Fund Account held at the Cooperative Bank Ltd A/c No. 01141694710400 on 22nd March, 2019 of Kshs. 20,000,000 and 24th July, 2019 of Kshs 17,000,000. The Management attached a copy of the funds bank statement payment voucher, and the official request by the Fund Administrator for the requisition of funds.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendations
The committee recommends that the matter be marked as resolved.

7.0 Other Receipts
The Statements of receipts and payments reflects total receipts amount of Kshs.668,317,015 as disclosed under Note 3 to the financial Statements. The figure includes other receipts of Kshs.108,530,360 which relates to transfers from County Executive which could not be traced to the County Executive's financial statements. Consequently, the accuracy, completeness and validity of total receipts of Kshs.668,317,015 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

Management Response

The Management submitted that note 3 to the financial statements presented other receipts of Kshs. 108,530,360 relating to payments made by the County Treasury on behalf of the County Assembly. County Assembly development funds were requisitioned and paid by the County Treasury after processing and approval of a request by the County Assembly Accounting Officer. This is because the County Government operated and maintained one development account with the Central Bank of Kenya as at 30th June 2019. The Management attached relevant payment vouchers to support this expenditure. The Management reported that the County Assembly currently operates and maintains its own development account.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

8.0 Budget Control and Performance
The statement of budget execution by programme and sub programme for the year ended 30 June, 2019 reflects actual amount on comparable basis of Kshs.553,180,404. which is at variance with the summary statement of budget and actual amounts figure of Kshs.664,114,396 by Kshs.110,933,992, which has not been explained or reconciled. Under the circumstance, the accuracy and completeness of the statement of budget execution by programme and sub programme actual amount of Kshs.553,180,404 for the year ended 30 June, 2019 could not be confirmed.

Management Response
The Management submitted that the Statement of budget execution by programs and sub-programs presented an actual on comparable basis amount of Kshs. 553,180,404.40. This was actual expenditure as per the County Assembly vote book. The variance between the aforementioned amount and Kshs. 664,114,396 in the summary statement of budget and actual of Kshs. 110,933,992 was as a result of:

i) County Assembly developments expenditure of Kshs. 108, 530,360 paid by the County Treasury on behalf of the County Assembly;
ii) Transfers to the Central Bank of Kshs. 2,392,606 relating to County Assembly unspent balances; and
iii) Kshs. 11,025 relating to finance costs which were all not charged to the County Assembly's vote book.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Basis for Conclusion

1.0 Non-compliance with the One Third Basic Salary Rule

Review of the payroll for the months of July, 2018 to June, 2019 indicated that some members of staff earned net salaries less than a third of their basic pay. This was contrary to the requirement of the County Human Resource Manual 2013 and Section 19(3) of the Employment Act, 2007 which states that, without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions, may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

Consequently, Management was in breach of the law.

Management Responses

After following up on the cases where staff earned less than a third of their basic pay, The Management noted that:

i) A commercial Loan repayment was deducted in addition to a mortgage loan repayment because of delays by the officer to provide a bank loan clearance

ii) There was erroneous deduction of PAYE on salaries of officers who are People Living with Disability (PLWD)

iii) Recovery of double paid leave allowances

The management acknowledged that it is important for officers in the County Assembly Service to adhere to the third rule to avoid pecuniary embarrassment. The Management will ensure that the Human Resource Department is keen on payroll management in order to avoid repeat of the same.

Committee Observation

The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

Committee Recommendation

The Committee recommends that -

1. **The County Assembly should provide a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law to the Auditor General within sixty (60) days after the adoption of this report.**
2. **The county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds.**
3. **The Auditor General should continue monitoring the issue in subsequent financial years.**

2.0 Noncompliance with the One Third Staff Establishment Rule

Review of the personnel records revealed that the County Assembly had a total of ninety-six (96) employees out of which eighty-six (86) or 90% are from the dominant ethnic community. This is contrary to Section 65(1) (e) of the County Governments Act, 2012 on staff establishment which requires that in selecting employees the County Public Service Board should ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community. Consequently, Management was in breach of the law.

Management Responses

The County Assembly submitted that it had ninety-six (96) employees out of which eighty-six (86) representing 90% of the staff establishment belong to one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008. In 2013 the County Assembly advertised for vacancies in the County Assembly Service. The advertisement encouraged other community to apply for the positions. The County Assembly Service Board carried out the recruitment and noted that majority of the applicants were locals. In addition, non-locals who applied for positions were conspired. The County Assembly Service Board submitted that it would give priority to non-locals if and when positions fall vacant in the County Assembly.

Committee Observation

The Committee observed that there was no ethnic diversity among the County Assembly employees.

Committee Recommendation

The Committee recommends that-

1. **The county assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.**
2. **The County Assembly and CASB should give a work plan on how they will ensure compliance is achieved to the Auditor General within sixty days of adoption of this report.**

3.0 Poor Provision of Internet Services

Management paid Kshs.1,200,000 to a telecommunications firm for internet subscription at a monthly fee of Kshs.98,600 for the first six month and Kshs.101,400 for the next six months. As reported in the previous year, the internet network within the County Assembly was weak and it could not be established whether the County Assembly was receiving value for money for the internet subscription payments. The amount was paid in two instalments as shown below;

	Date	**Payee**	**Details**	**Amount Kshs.**
397345	30/10/2018	Telkom Kenya	Payment for provision of internet services for the months of	295,800.00

			July, August and September, 2018	
397345	18/02/2019	Telkom Kenya	Payment for provision of internet services for the second, third and fourth quarter	904,200.00
			Total	1,200,000.00

Consequently, it was difficult to confirm whether value for money on expenditure of Kshs.1,200,000 for the year ended 30 June, 2019 was realized.

Management Response

The County Government of West Pokot entered into a contract with Telkom Kenya for the provision of internet service to the County Executive and County Assembly during the Transition Period in 2013. During the inception of the County Assembly, there were few internet users estimated at 50 staff. This was basically because recruitment of staff was ongoing. The initial internet strength was 4 Mbps sufficient for an estimated 50 users. However, with the increase in the number of users, the service became inefficient and necessitated an upgrade.

In 2020, the ICT Authority took over and installed free internet network infrastructure at 100 mbps. Consequently, the County Assembly terminated its reliance on Telkom Kenya and no longer paid for internet.

Committee Observation

The Committee noted that the matter has since been addressed.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

4.0 Construction of County Assembly Restaurant and Car Park

As previously reported, Management entered into a contract for the construction of a restaurant and a car park on 3 January, 2014 a contract sum of Kshs.36,685,778. During the year 2014/2015 expenditure of Kshs.15,765,679 was incurred on the project. However, the payment vouchers in in support of this payment were not submitted for audit verification.

Further, a physical verification of the project in November, 2019 revealed that the project has stalled and there was no budgetary provision in respect of the project during 2018/2019 financial year. Project records including payment vouchers, certificates of completion, status report of the project were not availed for audit verification.

Consequently, the value for money has not been realized in the construction of the restaurant and car park.

Management Response
The Management stated that they were not able to present the documents at the time of audit because all the documents relating to the project were confiscated by the Ethics and Anti-Corruption Commission to further their investigations. In addition, the County Assembly stated that they were not able to complete the project since it was under investigation. Management will endeavor to complete the project once the investigation is complete in order for the County Assembly to realize value for money.

Committee Observation
The Committee noted that

a) the Ethics and Anti-Corruption Commission (EACC) was investigating the matter;
b) there was none provision of information to auditors during audit exercise as the files were being held by the EACC; and
c) The project was still incomplete beyond the stipulated contractual period and construction had stalled. Further, the contractor was not on site.

Committee Recommendation
The Committee recommends that:

1. **the EACC to fast-track processing of the matter and provide a status update to the Senate within 90 days of adoption of this report;**
2. **once the investigations are complete, the county assembly should take immediate action to complete the project;**
3. **the OAG should audit the project to ascertain the completion and utilization of the said projects in line with this recommendation in the subsequent audit cycle; and**
4. **The county assembly should undertake proper project conceptualization, planning and execution to ensure timely completion of the project as well as realization of value for money.**

5.0 Delay in Construction of Modern Assembly Complex
Note 10 to the financial statements reflects acquisition of assets figure of Kshs.129,586,192 which includes an amount of Kshs.64,490,970.02 paid in respect of construction of modern assembly complex. As reported in the previous year, the contract was awarded to a company on 6 January, 2015 at a contract sum of Kshs.358,392,421 and was to take 36 months to be completed in February, 2018. As at 30 June, 2019 certificates raised certified the value of work as Kshs.290,125,246.84.

The cumulative payments to the contractor as at 30 June, 2019 was Kshs.261,718,222. However, according to the Clerk of Works report dated 12 April, 2019, the time had elapsed since the construction works had taken 215 weeks or 114% of the total contract period while the overall works was 76%. Management explained that the execution of the contract was suspended by the Governor of West Pokot through a letter dated 19 September, 2017 to facilitate a special audit of all contracts by the National Construction Authority. It could not be established whether the suspension complied

with contract clause on termination of a contract which may expose the County to penalties for wrongful termination of the contract.

Consequently, the objectives of the Project have not been achieved and residents of West Pokot County may not have obtained value for money on the construction of the Assembly Complex as planned.

Management Response
The construction of the Modern County Assembly was expected to be completed after 48 months according to the contract signed between the County Assembly and the contractor. In addition, the contact was expected to lapse in 31st December, 2019, and not as stated by the clerk of works report of 12th April, 2019.

The main contractor through the consultant (Scope Designs Systems) requested for extension of period giving a detailed account of the time lost as caused by the following;

a) Geotechnical investigation due to unforeseen ground conditions
b) Unfavorable weather conditions
c) Delayed payments.

The project is expected to be completed in the 2022/2023 financial year.

Committee Observation
The Committee noted that there was none provision of information to auditors during audit exercise. Further, the Committee noted that the project was still incomplete beyond stipulated contract period and construction had stalled. Further, the contractor was not on site.

Committee Recommendation
The Committee recommends that;

1. **the county assembly takes immediate action to complete the project and provides information on the project status to the OAG and the Senate, within 90 days of adoption of this report; and**
2. **The OAG audits the project to ascertain the completion and utilization of the said projects in line with this recommendation in the subsequent audit cycle.**

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1.0 Lack of Policies
It was noted that the County Assembly did not have in place business continuity plan, disaster recovery plan, backup policy or a backup site. It was also observed that password protocols were not adhered to. The Accounting Officer therefore, failed in instituting appropriate measures to ensure confidentiality of data and information, data integrity and business continuity.

Management Response

The County Assembly does have policies that give guidance on various functions within the institution. The Management submitted that the policies were not provided at the time of audit but have since been submitted for verification. The Assembly has IT Policy, Data Recovery Plan (DRP) and IT security policy which are vital in effective and efficient management of the entity's IT resources. In addition, the County Assembly had an IT steering committee in place in order to perform oversight function and formulate policies to ensure that the ICT department functions were properly in place.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

2.0 Lack of an Audit Committee
The County Assembly operated without a duly established Audit Committee. This was contrary to Section 155(5) of the Public Finance Management Act, 2012 and Regulation 167 of Public Finance Management (County Governments) Regulations, 2015 which provides for the establishment of the Audit Committee for a County Government entity. Consequently, in the absence of an Audit Committee, the existence of an effective system of governance could not be confirmed.

Management Response
The Management submitted that during the time of audit, the County Assembly's Audit Committee term had lapsed in March, 2019, and had not been reconstituted. However, a new committee had been put in place therefore the system of governance was expected to be effective going forward.

Committee Observation
The Committee noted that the matter has since been addressed.

Committee Recommendations
The committee recommends that the matter be marked as resolved.

3.0 Weak Internal Audit Function
As previously reported, the internal audit unit has only one officer who reports to Management instead of an Audit Committee. This is contrary to Section 155(1) of the Public Finance Management Act, 2012 and Regulation 155(1) of Public Finance Management (County Governments) Regulations, 2015 which provides for independence of the Head of Internal Audit unit by reporting administratively to the Accounting Officer and functionally to the Audit Committee. Also, the Internal Audit operated without an Internal Audit Charter detailing scope, responsibilities and purpose of internal Audit.
Consequently, due to the weak in internal audit function, assurance on the effectiveness of internal control, risk management and governance may not be realized.

Management Response
The Management agreed that the internal audit department lacked adequate staff at the time of audit. The County Assembly Service Board planned to recruit three qualified audit staff as evidenced by an attached copy of advertisement. The department reported administratively to the Accounting Officer and functionally to the Audit Committee as per the audit charter. Further, the internal audit function operated with an internal audit charter and the annual risk-based audit work plan F/Y 2017/18 – F/Y 2019/2020, detailing scope, responsibilities and purpose of internal Audit.

Committee Observation
The Committee noted that the County Assembly had capacity shortage in the Internal Audit Unit.

Committee Recommendation
The Committee recommends that the County Assembly should prioritize staffing the Internal Audit Unit with qualified personnel and provide a status update to the Office of the Auditor General within 60 days of adoption of this report.

4.0 Lack of Risk Management Processes
It was noted that Management did not have a risk management policy, risk management framework or a risk register. Also, Management did not conduct risk assessment. Management was therefore unable to design measures for mitigation against risks.
As such, it was not possible to establish operations that were open to risk and to mitigate against the risks.

Management Response
The Management acknowledged that the policy was not availed during the time of Audit. However, the County Assembly had implemented a risk management policy.

Committee Observation
The Committee noted that the County Assembly does not conduct risk assessment of the various operational areas to make recommendations on appropriate mitigation measures.

Committee Recommendation
The Committee recommends that the County Assembly should conduct risk assessment in line with its Risk Management Policy and take appropriate measures to mitigate the risks. The Committee also recommends that the OAG reviews the matter in the subsequent audit cycle.

5.0 Lack of Fixed Assets Register
The statement of receipts and payments reflect acquisition of assets amounting to Kshs.178,085,387. However, Management did not provide fixed assets register for audit review. It was therefore not possible to ascertain the nature, number, physical location and fair value of the Assembly's assets contrary to Regulation 136(1) of the Public

Finance Management Regulations, 2015 which requires the Accounting Officer shall be responsible for maintaining a register of assets under his/her control or possession.

Management Response
The Management submitted that in the 2018/19 financial year the County Assembly did not avail fixed assets register in a format recommended by the Public Sector Accounting Standards Board (PSASB). The Management attached a copy of the County Assembly updated Asset Register for verification.

Committee Observation
The Committee observed the failure by the County Assembly to provide its fixed asset register to the Auditor General during audit. The Committee noted that lack of complete assets register may expose county assets such as land, equipment, vehicles; and houses to theft, security threats, losses, wastage and misuse.

Committee Recommendation
The Committee recommends that the County Assembly should provide an updated fixed assets register in the format prescribed by the Public Sector Accounting Standards Board (PSASB) to the Auditor General within sixty (60) days from the adoption of this report.

CHAPTER NINE

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WEST POKOT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of West Pokot County Assembly, Hon. Fredrick Kiptanui Limo, and the Clerk Mr. Benedict Torotich, appeared before the Committee on Thursday 23rd February, 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for West Pokot County Assembly for the Financial Year 2019/2020.

Qualified Opinion

Basis for Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED ISSUES				
S/NO	**AUDIT QUERY**	**COMMITTEE RECOMMENDATION**	**ACTORS**	**TIMELINE**
1.	**6. Lack of Assets Register** The fixed assets register was not provided for audit review making it difficult to ascertain the nature, number, physical location and fair value of the County Assembly's assets.	The Committee recommends that; 1. The accounting officer undertakes administrative actions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report. 2. The County Assembly should provide updated fixed assets register in the format prescribed by the Public Sector Accounting Standards Board (PSASB) to the Auditor General within sixty (60) days from the adoption of this report.	The West Pokot County Assembly Service Board	Sixty (60) days from the date of adoption of this report
3.	**1. Budgetary Control and Performance** On development budget an amount of Kshs.58,154,438 was spent against the budgeted	The Committee recommends that the County Executive should ensure timely release of funds to County Assemblies upon disbursement by the National Treasury	The County Executive Committee Member (CECM),	Sixty (60) days from the date of adoption of this report

	amount of Kshs.105,815,273 resulting to an under expenditure of Kshs.47,660,835 or 45%. The underfunding and underperformance constrained execution of planned activities and delivery of services to the residents of West Pokot County.		Finance and Economic Planning	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
4.	**1. Domestic Travel and Subsistence Allowances** An amount of Kshs.2, 402,400 incurred on carrying out Ward Offices spot check was irregularly paid to the members of the whole house, two Board Members and members of staff instead of a House Committee	The Committee recommends that;- 1) the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015; 2) sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015; and 3) the County Assembly should ensure prudent use of public resources as envisaged by the Constitution and Public Finance Management Act, 2012.	The Clerk, West Pokot County Assembly	Immediate
5.	**2. Ethnic Composition of Employees** The County Assembly had	The Committee recommends that- 1. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1) (e) of County	The Senate The West	Sixty (60) days from the date of

	ninety-six (96) employees out of which eighty-six (86) or 90% belonged to one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008	Government Act on ethnic inclusivity.	Pokot County Assembly Service Board	adoption of this report
2.	**3. Expenditure on Salaries, Emoluments and Benefits** The compensation of employees cost exceeded the set threshold of 35% stipulated under Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015.	The Committee recommends that;- 1. The County Assembly adheres to Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015. 2. The Management should submit to the Auditors within sixty (60) days, the measures that the County Assembly will put in place to reduce the expenditure to the set threshold.	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report
3.	**4. Irregular Salary Deductions** Some members of staff earned net salaries less than a third of their basic pay against the requirement of Section 19(3) of	The Committee therefore recommends that - 1. the County Assembly should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law; 2. the County Assembly should configure their IPPD system	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report

	Employment Act, 2007	such that it is able to lock out commitments beyond the accepted thresholds; and 3. The Auditor General should continue monitoring the issue in subsequent financial years.		
4.	**5. Irregular Payment of Transport Allowances to Members of the County Assembly** Amount of Kshs.7, 241,298 relating to transport allowances paid to Members of County Assembly. However, the transport allowances were not paid through the payroll and in accordance with the approved rates as provided for in the Salaries and Remuneration Commission Kenya Gazette Vol.CXIX-No.89 of 7 July, 2017.	The Committee recommends that the County Assembly adhere to Article 230(4) (a) of The Constitution and the SRC regulations on payment of transport allowances to members of the County Assembly. The Committee further recommends that the EACC cause an investigation into the expenditure of Kshs.7, 241,298 made as payments of transport allowances paid to Members of County Assembly with a view to cause prosecution if there was a loss of public funds.	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report
5.	**6. Irregular Payment of Sitting Allowances** Allowances of Kshs.7, 260,500 paid to Members of	The Committee recommends that;- i) sanctions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 62(2) of the Public Audit Act, 2015 and provides a status report to the Office of the Auditor General	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report

	County Assembly and County Assembly Service Board, which were paid outside the payroll without any justification from the accounting officer. Further, Pay as You Earn (PAYE) of Kshs.5, 634,150 deducted from the sitting allowances was not remitted to the Kenya Revenue Authority.	within sixty (60) days from the adoption of this report; and ii) The County Assembly should ensure all payments of the MCAs allowances are paid through the Payroll, and the Auditor General to follow up on the matter in the subsequent Audit cycles.		
6.	**7. Irregular Employment of Ward Staff** Each Ward Office had six employees contrary to the requirement of the Commission on Revenue Allocation Circular Ref No: CRA/CSO/CMG/9/VOL.V (43) of 3 August, 2020	The Committee recommends that;- 1. The Management should submit to the auditors within sixty (60) days, the mitigation measures undertaken and plans the assembly will put in place to ensure compliance with the CRA requirements 2. The County Assembly Service Board review its resolutions to comply with the CRA and SRC guidelines on staff allocation and remuneration.	The Clerk, West Pokot County Assembly	Sixty (60) Days from the date of adoption of this report
7.	**8. Irregular Expenditure on Hotels and**	The Committee recommends that 1. The management undertake administrative actions against the	The West Pokot	Sixty (60) Days

	Conference Facilities Kshs.7, 231,550 incurred on hiring hotels and conference facilities. However, the hotels and conference facilities were directly procured and the procured services were not included in the procurement plan for the year under review.	officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status update to the Office of the Auditor General within 60 days of adoption of this report;	County Assembly Service Board	from the date of adoption of this report
8.	**9. Acquisition of Assets a. Construction of County Assembly Restaurant and Car Park** An expenditure of Kshs.15, 765,679 was incurred on the project in the financial year 2014/2015 but payment vouchers were not submitted for audit verification.	The Committee recommends that: 1. EACC to expedite processing of the matter and provide a status update to the Senate within 90 days of adoption of this report; 2. Once the investigations are complete, the county assembly should take immediate action to complete the project; 3. The Auditor General audits the project to ascertain the completion and utilization of the said projects in line with this recommendation in the subsequent audit cycle; and 4. he county assembly should undertake proper project conceptualization, planning and execution to ensure timely completion of the project as well as realization of value for money.	The Clerk, West Pokot County Assembly	60 Days from the date of adoption of this report

9.	**b. Construction of Buildings** The contractor has been paid a total of Kshs.338, 151,067 or 94% of the contract sum for certified works against 76% of work done as at 30 June, 2020. The amount paid include prime cost of Kshs.34, 000,000 which has not been accounted for.	The Committee recommends that; 1. The county assembly takes immediate action to complete the project and provides information on the project status to the OAG within sixty (60) days of adoption of this report; and 2. The Auditor General should audit the project to ascertain the completion and utilization of the said projects in line with this recommendation.	The West Pokot County Assembly Service Board	Sixty (60) days from the date of adoption of this report
10.	**c. Purchase of Motor Vehicles and Other Transport Equipment** an amount of Kshs.8, 356,000 relating to purchase of motor vehicles and other transport equipment which was paid for purchase of a Toyota Fortuner. However, review of	The Committee, recommends that the accounting officer takes administrative actions against the responsible officers in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Committee within sixty (60) days from the adoption of this report.	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report

	records provided revealed that the vehicle was directly procured although the prevailing conditions did not justify the procurement method. Further, the logbook for the vehicle was also not provided for audit verification.			
11.	**10. Unresolved Prior Year Audit Matters** Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.	The Committee recommends that the County Assembly complies with the Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General for review within sixty (60) days of the adoption of this report.	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
12.	**1. Information Communication Technology** The Assembly did not have an approved IT Policy, Data Recovery Plan, ICT Steering Committee and	The Committee, recommends that the accounting officer takes administrative actions against the responsible officer(s) in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Committee within sixty (60) days from the adoption of this report.	The West Pokot County Assembly Service Board	Sixty days from the date of adoption of this report

	IT Security Policy which are vital in effective and efficient management of the entity's IT resources.			
13.	**2. Internal Audit Function** The Internal Audit Unit only two has officers who report to Management instead of an Audit Committee contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015	The Committee recommends that the County Assembly should enhance staffing of the Internal Audit Unit with qualified personnel and build capacity of the staff for effective service delivery.	The West Pokot County Assembly Service Board	Sixty (60) days from the date of adoption of this report
14.	**3. Risk Management Processes** The Management does not conduct risk assessment of the various operational areas to make recommendations of the measures to be instituted to mitigate on the risks	The Committee recommends that;- 1. The Accounting Officer should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General. 2. The Auditor General should closely monitor the development, documentation and communication of the policies within the county assembly in the subsequent audit cycle.	The Clerk, West Pokot County Assembly	Sixty (60) days from the date of adoption of this report

Qualified Opinion

Basis for Qualified Opinion

1. Presentation and Inaccuracies of the Financial Statements

A review of the financial statements submitted for audit review revealed the following Anomalies:

i) The statement of financial assets and liabilities reflects a negative balance of Kshs.7, 174,842 in respect of transfers to County Revenue Fund (CRF) which was not supported or explained.

ii) The statement of cash flows reflects an amount of Kshs.22, 424,842 being transfer To other government entities which differs with the amount of Kshs.15, 250,000 reflected in the statement of receipts and payments. The resulting variance of Kshs.7, 174,842 was not explained or reconciled.

iii) The statement of comparison of budget and actual amounts – recurrent and development combined reflects actual on comparable basis of other receipts amount of Kshs.58, 154,438 which differs with the nil balance reflected in the statement of receipts and payments.

iv) The statement of financial assets and liabilities reflects a fund balance brought Forward amount of Kshs.8, 732,542 which is at variance with the audited balance Of Kshs.7, 174,842 as at 30 June, 2019. The resulting variance of Kshs.1, 557,700 Was not explained or reconciled.

Under the circumstances, the accuracy and completeness of the financial statements Could not be ascertained.

Management Response

The Management submitted as follows:

i) The amount presented as Transfers to the County Revenue Fund of Kshs 7,174,842 in the statement of financial assets and liabilities related to unspent balances at the close of the financial year. It was expected that at the end of each year all County Government entities would transfer all unspent balances to the County Revenue Fund. Management attached a copy of the County Assembly's Central Bank of Kenya bank statement to support the transfer.

ii) The management noted the error in the statement of cash flows amounting Kshs 7,174,842. The County Assembly would restate their financial statements figures for the 2022-2023 financial year after establishing all the errors which occurred in financial years 2018/2019, 2019/2010 and 2021/2022. The management had also restructured the Finance and Accounts Department in order to fill the gaps during preparation and submission of the County Assembly financial statements.

iii) All receipts received by the County Assembly were from exchequer releases, which had been correctly presented in the Statement of Receipts and Payments. The County Assembly would however restate the statement of budget and actuals – recurrent and development in the financial year 2022/2023 to correctly indicate the total County Assembly receipts.

iv) The County Assembly reconciled and noted that the variance between the fund balances of Kshs 1,557,700 related to outstanding imprests for the 2018-

19 financial year. In the 2019-2020 financial year, the outstanding imprests were surrendered and adjusted in the Statement of financial assets and liabilities.

Committee Observation

The Committee noted the failure of the County Assembly to provide reconciliation of the statement of financial assets and liabilities, statement of cash flows and statement of comparison of budget and actual amounts as stipulated under section 62 of the Public Audit Act. The Committee however noted that the reconciliations were provided and verified by the Auditors after the audit process.

Committee Recommendation

The Committee recommends that the matter be marked as resolved.

2. Variance between IFMIS Report and Statement of Receipts and Payments

The statement of receipts and payments for the year ended 30 June, 2020 reflects total payments of Kshs.625, 111,292 which is at variance with IFMIS Report total payments of Kshs.653, 272,452. The resulting variance of Kshs.28, 161,160 was not explained or reconciled.

Under the circumstances, the accuracy and completeness of the total payments amount of Kshs.625, 111,292 for the year ended 30 June, 2020 could not be confirmed.

Management Response

The management had critically examined the total County Assembly expenditure as provided by IFMIS and had carried a reconciliation on the Detailed Payments, the Vote books (recurrent and development), Account Analysis report, the Ledger and the notes to the financial statements.

From the reconciliation the Management noted that:

a) Data extracted from the system varied depending on the time reports were extracted. This was because the end of year period closure extended to the 1st quarter of the 2019/2020 financial year due to payments pending approval from the controller of budget.
b) Secondly there were transactions that were voided after 30th June 2020, but before the period closure.
c) Certain transactions in the detailed payment report were below the line and did not affect the primary votes hence not treated as expenditure for example:
    i. Items of withholding tax and
    ii. Retention money

It was as a result of the above that there were variances between the two reports. The Management confirmed that they had verified and confirmed the payments for the year under review.

Committee Observation

The Committee noted the failure of the County Assembly to provide reconciliation of the IFMIS Report and Statement of Receipts and Payments as stipulated under section 62 of the Public Audit Act. The Committee however noted that the reconciliations were provided and verified by the Auditors after the audit process.

Committee Recommendation
The Committee recommends the matter be marked as resolved.

3. Unsupported Expenditure - Fuel, Oil and Lubricants
The statement of receipts and payments reflects an expenditure of Kshs.253, 702,967 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.8, 173,889 on fuel, oil and lubricants. However, Management did not provide for audit review the fuel register and the fuel drawn using a few detail orders was not recorded in the motor vehicle work tickets. Further, the signed contract agreements for the supply of fuel were not dated.

Under the circumstances, the accuracy, validity and propriety of fuel, oil and lubricants expenditure of Kshs.8, 173,889 could not be confirmed.

Management Response
The Management submitted that note 5 of the financial statements included an amount of Kshs.8, 173,889 being expenditure on fuel, oil and lubricants. However, the County Entity did not avail the documents during the time of audit. Copies of the fuel drawn statement, copy of detail orders, and the signed contract agreements to support this expenditure were submitted.

Committee Observations
The Committee noted that although the management did not submit all the relevant documents and information to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and they were verified by the Auditor.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

4. Un-Authorized Expenditures
The statement of receipts and payments reflects an expenditure of Kshs.276, 771,847 under compensation of employees which includes an expenditure of Kshs.154, 685,174 which was not authorized and approved by the AIE holder and Accounting Officer or any other officer delegated in writing by him. Similarly, included in the expenditure of Kshs.11, 453,997 under social security benefits is an expenditure of Kshs.6, 294,301 which was also not approved and authorized by the AIE holder and Accounting Officer or any other officer delegated in writing by him.
Under the circumstances, the accuracy, validity and propriety of the expenditure of Kshs.160, 979,475 could not be confirmed.
Management Response
During the time of audit, the County Assembly Service Board had not appointed an accounting officer since the substantive Clerk had been suspended. However, the Clerk had approved the expenditure memos relating to payroll.

Committee Observations

The Committee noted that the County Assembly incurred expenditure that was not authorized by the AIE holder and accounting officer or any other officer delegated in writing by the Accounting officer.

Committee Recommendations
The Committee recommends that the matter be marked as resolved.

5. Cash and Cash Equivalents
The statement of financial assets and liabilities as at 30 June, 2020 reflected a bank balance of Kshs.428, 896. However, relevant documents for two (2) bank accounts as at 30 June, 2020 were not provided for audit review as detailed below;

	Bank Account	Documents not Provided and Remarks	Account Balance
1.	Kenya Commercial Bank Account Number 1144041589	i) Bank Reconciliation Statement ii) Certificate of Bank balance iii) The Cash Book has no description of expenditure Items. iv) Entries in Cash Book not dated v) The Cash Book not balanced and closed on a daily Basis.	Nil

2.	Central Bank of Kenya Account Number 1000243333	i) Bank statements ii)Bank Reconciliation Statement iii)Certificate of Bank balance iv) The Cash Book has no description of expenditure items. v) Entries in cash book not dated. vi) The Cash Book not balanced and closed on a daily Basis.	428,896

Under the circumstances, the accuracy and completeness of the bank balance of Kshs.428, 896 as at 30 June, 2020 could not be confirmed.

Management Response

The statement of financial assets and liabilities as at 30th June, 2020 reflected a bank balance of Kshs. 1,986,596. However, during audit exercise the relevant documents for the two bank accounts were not provided due to management challenges. The management submitted that they had submitted the following documents for review: Bank statements, certificate of Bank balances and Bank Reconciliations.

Committee Observations

The Committee noted that although the management did not submit all the relevant documents and information to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and they were verified by the Auditor.

Committee Recommendation

The committee recommends that the matter be marked as resolved.

6. Lack of Assets Register

Annex 4 to the financial statements - summary of fixed assets register indicates that the County Assembly had fixed assets with a historical cost of Kshs.454, 219,013 as at 30

June, 2020. However, the fixed assets register was not provided for audit review making it difficult to ascertain the nature, number, physical location and fair value of the County Assembly's assets.

Consequently, the accuracy and completeness of the fixed assets balance of Kshs.454, 219,013 as at 30 June, 2020 could not be confirmed.

Management Response

In the 2019/20 financial year the County Assembly did not avail fixed assets register in a format recommended by the Public Sector Accounting Standards Board (PSASB). Management attached a copy of the County Assembly updated Asset Register.

Committee Observation

The Committee observed that there was failure by the County Assembly to provide its fixed asset register to the Auditor General during the audit exercise.

Committee Recommendation

The Committee recommends that;

i) **The accounting officer undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.**
ii) **The County Assembly should provide updated fixed assets register in the format prescribed by the Public Sector Accounting Standards Board (PSASB) to the Auditor General within sixty (60) days from the adoption of this report.**

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts-recurrent and development combined reflects an approved expenditure budget of Kshs.704, 482,408 against actual expenditure of Kshs.625, 111,292 resulting in an overall under expenditure of Kshs.79, 371,116 or 11%. The under expenditure mainly occurred on development budget where an amount of Kshs.58,154,438 was spent against the budgeted amount of Kshs.105,815,273 resulting to an under expenditure of Kshs.47,660,835 or 45%. The underfunding and underperformance constrained execution of planned activities and delivery of services to the residents of West Pokot County.

Management Response

The statement of comparison of budget and actual amounts-recurrent and development combined reflected an approved expenditure budget of Kshs.704,482,408 against actual expenditure of Kshs.625,111,292 resulting in an overall under expenditure of Kshs.79,371,116 or 11%. The under expenditure was in the County Assembly's development budget of Kshs.47, 660,835. This was because of underfunding occasioned by delay in exchequer releases by the National Treasury.

Committee Observation

The Committee noted that the Assembly experienced delay in exchequer releases from the County Executive thereby hampering program implementation and budget execution.

Committee Recommendation

The Committee recommends that the County Executive should ensure timely release of funds to County Assemblies in line with the cash disbursement schedules approved by Parliament.

2. Pending Bills

As disclosed in Note 3.9 on other disclosures to the financial statements, the County Assembly had pending bills totaling Kshs.16, 428,126 which were due to suppliers of goods and services as at 30 June, 2020. However, an amount of Kshs.9, 177,000 of the pending bills was not supported by any documentary evidence. Further, the pending bills of Kshs.16, 428,120 included an amount due to the prison industry of Kshs.3, 000,000 for furniture not supplied. Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.

Management Response

As at 30th June 2020, the County Assembly had pending bills totaling Kshs.16, 428,126 which were due to suppliers of goods and services. However, as at the time of audit the following suppliers had not been fully supported;

a) Donjud Company ltd of Kshs. 1,920,000 had not supplied all computers
b) Prison Industry of Kshs. 3,000,000 had not supplied furniture,
c.) Mtelo Enterprise Ltd Kshs 551,593– No LSO, No Contract, No consumption statement
d) Delta Hotel – Kshs 162,000 No invoice
e.) Astrong General Merchants – Kshs 77,750 No Bank details
f.) AMACO – Kshs 109,681 No contract with insurance company, and
g.) County Assembly Forum – Kshs 4,157,000 – Lack of Budgetary provision.

Out of the Kshs. 16,428,126 being pending bills, the County Assembly managed to pay Kshs. 13,351,088 as at 30th June, 2021. Kshs 3,077,038 had not been paid as at 30th June, 2021 due to lack of supporting documents.

Committee Observations

The Committee noted that although the management did not submit all the relevant documents and information supporting the pending bills to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and they were verified by the Auditor.

Committee Recommendation

The committee recommends that the matter be marked as resolved

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1. Domestic Travel and Subsistence Allowances

The statement of receipts and payments reflects an expenditure of Kshs.253, 702,967 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.139, 434,710 incurred on domestic travel and subsistence allowances. The latter balance includes an amount of Kshs.2, 402,400 incurred on carrying out Ward Offices spot check, sensitizing the constituents on Corona Virus, determining the distance in kilometers of the homes of nominated Members of County Assembly and establishing the pieces of land for construction of Ward Offices. The amount was irregularly paid to the members of the whole house, two Board Members and members of staff instead of a House Committee. Further, determination of the distance in kilometers of the homes of nominated Members of County Assembly had already been done by another team which had incorporated the County Works Officer.

Under the circumstance, the validity and propriety of the expenditure of Kshs.2, 402,400 could not be confirmed.

Management Response

The County Assembly incurred Kshs. 2,402,400 while carrying out Ward Offices spot check and verification of distance in kilometers of the homes of Members of County Assembly. Though the County Works Officer had carried out the exercise, it was important for all members to visit each ward office to confirm distances and also sensitizing the constituents on Corona Virus. This therefore necessitated each member to travel to his/her ward office accompanied by County Assembly technical staff.

Committee Observation

The Committee noted that the management could not justify the spending on domestic travel especially since it was at a time movement was restricted because of the COVID-19 Pandemic.

Committee Recommendations

The Committee recommends that;-

1) **the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015;**
2) **sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015; and**
3) **the County Assembly should ensure prudent use of public resources as envisaged by the Constitution and Public Finance Management Act, 2012.**

2. Ethnic Composition of Employees

A review of staff establishment records revealed that, the County Assembly had ninety-six (96) employees out of which eighty-six (86) or 90% belonged to one ethnic community.

This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity

of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.
Consequently, the County Assembly was in breach of the law.

Management Response
The County Assembly submitted that it had ninety-six (96) employees out of which eighty-six (86) represented 90% of the staff establishment belong to one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008. In 2013 the County Assembly advertised for vacancies in the County Assembly Service. The advertisement encouraged other community to apply for the positions. The County Assembly Service Board carried out the recruitment and noted that majority of the applicants were locals. In addition, non-locals who applied for positions were conspired. The County Assembly Service Board will give priority to non-locals if and when positions fall vacant in the County Assembly.

Committee Observation
The Committee observed that;-

i) There was no ethnic diversity among the County Assembly employees.
ii) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendation
The Committee recommends that the County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1) (e) of County Government Act on ethnic inclusivity.

3. Expenditure on Salaries, Emoluments and Benefits
The County Assembly spent a total of Kshs.288, 225,844 on compensation of employees and benefits (compensation of employees – Kshs.276, 771,847 and social security benefits – Kshs.11, 453,997) during the year under review. This represents 46% of the total receipts of Kshs.623, 982,488 on compensation of employees and benefits. Consequently, the compensation of employees cost exceeded the set threshold of 35% stipulated under Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015.
Consequently, Management is in breach of the law.

Management Response
The Commission on Revenue Allocation capped the recruitment of staff to the County Assembly at 100. Increase in the composition of employee's threshold to 46% was as a result of recruitment of ward office staff allocated to members of the County Assembly. Additionally, the County Assembly processed sitting allowances of members through payroll therefore increasing the amounts presented as Personnel Emoluments.

Committee Observation

The Committee noted that the Assembly had an expenditure of 46% on compensation to employees which exceeded the set threshold of 35% stipulated under Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015.

Committee Recommendation

The Committee recommends that;-

i) **The County Assembly adheres to Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015.**
ii) **The Management should submit to the Auditors within sixty (60) days, the measures that the County Assembly will put in place to reduce the expenditure to the set threshold.**

4. Irregular Salary Deductions

A review of the payroll revealed that some members of staff earned net salaries less than a third of their basic pay against the requirement of Section 19(3) of Employment Act, 2007 which requires that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of the basic pay.

In the circumstance, the Management is in breach of the law.

Management Response

The Management submitted that:

i) A commercial Loan repayment was deducted in addition to a mortgage loan repayment because of delays by the officer to provide a bank loan clearance
ii) There was erroneous deduction of PAYE on salaries of officers who are People Living with Disability (PLWD)
iii) Recovery of double paid leave allowances

Management knew that it was important for officers in the County Assembly Service to adhere to the third rule to avoid pecuniary embarrassment. The Management ensured that the Human Resource Department was keen on payroll management in order to avoid repeat of the same.

Committee Observation

The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

Committee Recommendation

The Committee therefore recommends that -

1. **the County Assembly should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law;**
2. **the County Assembly should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and**
3. **The Auditor General should continue monitoring the issue in subsequent financial years.**

5. Irregular Payment of Transport Allowances to Members of the County Assembly

Included in the compensation of employees' expenditure of Kshs.276, 771,847 is an amount of Kshs.7, 241,298 relating to transport allowances paid to Members of County Assembly. However, the transport allowances were not paid through the payroll and in accordance with the approved rates as provided for in the Salaries and Remuneration Commission Kenya Gazette Vol.CXIX-No.89 of 7 July, 2017.

Management Response

The Management submitted that the County Assembly used the SRC Circular Ref. No. SRC/TS/TS/CGOVT/3/16 to process mileage for the financial year 2019/2020. The transport allowances were initially not taxed, but had since recovered the tax arrears and remitted to KRA.

Committee Observation

The Committee noted that the transport allowances were not paid through payroll and payments done were not and in accordance with the approved rates as provided for in the Salaries and Remuneration Commission Kenya Gazette Vol.CXIX-No.89 of 7 July, 2017.

Committee Recommendation

The Committee recommends that;-

1. **the County Assembly adhere to the Article 230(4) (a) of the Constitution and the SRC regulations on payment of transport allowances to members of the County Assembly; and**
2. **The Committee further recommends that the EACC cause an investigation into the expenditure of Kshs.7, 241,298 made as payments of transport allowances paid to Members of County Assembly with a view to cause prosecution if there was a loss of public funds.**

6. Irregular Payment of Sitting Allowances

The compensation of employees' expenditure of Kshs.276, 771,847 also includes sitting allowances of Kshs.7, 260,500 paid to Members of County Assembly and County Assembly Service Board, which were paid outside the payroll without any justification from the accounting officer. Further, Pay as You Earn (PAYE) of Kshs.5, 634,150 deducted from the sitting allowances was not remitted to the Kenya Revenue Authority.

Management Response

The County Assembly paid Kshs 7, 2660,500 to Members of the County Assembly Service Board as sitting allowances. Determination of the amount paid depended on the number of sitting each member attained and varied between members. Because it was not a definite amount it was prepared outside payroll. In addition, including this allowance as a payroll item would exaggerate the personnel emolument's threshold of 35%. In the financial year 2019/2020 the Assembly delayed remittance of PAYE amounting to Kshs 5,634,150. This amount formed part of the unspent balances as at the end of the financial year of Kshs 7,174,842 that was transferred to the County Revenue Fund Account. The Management confirmed that all outstanding taxes had been

remitted to the Kenya Revenue Authority and the assembly had no outstanding tax obligation.

Committee Observation

The committee noted that;-

i) At the time of audit, no payment vouchers for PAYE deduction were provided.
ii) The Auditor General requested for time to further interrogate documents submitted by the county assembly after the time of audit.
iii) Payment of sitting allowances to MCAs was done outside the payroll

Committee Recommendation

The Committee recommends that;-

iii) sanctions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 62(2) of the Public Audit Act, 2015 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and

iv) The County Assembly should ensure all payments of the MCAs allowances are paid through the Payroll, and the Auditor General to follow up on the matter in the subsequent Audit cycles.

7. Irregular Employment of Ward Staff

A review of personnel records revealed that each Ward Office had six employees contrary to the requirement of the Commission on Revenue Allocation Circular Ref No: CRA/CSO/CMG/9/VOL.V (43) of 3 August, 2020 which provides for employment of three (3) employees per Ward Office. Further, the ward employees were each being paid salaries below the approved minimum wage of Kshs.13, 572.90 per month.

Management Response

According to Section 12(7) (e) of the County Governments Act, the County Assembly Service Board (CASB) is responsible for performing other functions necessary for the wellbeing of the members and staff of the County Assembly. In undertaking this mandate, the CASB is required to provide offices and staff to facilitate representational role of Members at the ward level (as per CASB resolution, Annex 8). In facilitating the representational role, the Board noted that the staff working at the Ward offices should be able to adequately facilitate the interests of the members.

Following consultative forums with County Assemblies and after extensive deliberations about the matter of Ward Offices by the County Assemblies Forum (CAF), the Commission on Revenue Allocation (CRA) and the National Treasury made budgetary provisions for the ward offices and ward office staff for the FY 2019/20 Budgets. The CASB on its sitting on January 10th, 2018 resolved to employ six staff on contract basis and set out their benefits.

Committee Observation

The Committee noted that;-

i) The Assembly was underpaying its Ward office staff, contrary to the CRA requirements and SRC guidelines.
ii) By employing excess staff in the ward offices, the County Assembly acted contrary to the requirements set out in the Commission on Revenue Allocation Circular Ref No: CRA/CSO/CMG/9/VOL.V (43) of 3rd August, 2020.

Committee Recommendation

The Committee recommends that;-

i) **The Management should submit to the Committee and auditors within sixty (60) days of adoption of this report, the mitigation measures undertaken and plans the assembly will put in place to ensure compliance with the CRA requirements**

ii) **The CASB review its resolutions to comply with the CRA and SRC guidelines on staff allocation and remuneration.**

8. Irregular Expenditure on Hotels and Conference Facilities

The statement of receipts and payments reflects an expenditure of Kshs.253, 702,967 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.12, 710,770 relating to training expenses. The latter balance includes an expenditure of Kshs.7, 231,550 incurred on hiring hotels and conference facilities. However, the hotels and conference facilities were directly procured and the procured services were not included in the procurement plan for the year under review.

Further, the County Assembly did not have an annual training plan, training needs assessment was not done and no reports were produced after the trainings were completed.

In addition, procurement of hotel and conference facilities was done outside IFMIS against the requirement of Treasury Circular No. 24/2015 dated 21 December, 2015 which provided guidelines on the use of E-Procurement in the County Governments.

Management Response

Treasury Circular No. 24/2015 dated 21 December, 2015 provides guidelines on the use of E-Procurement in the County Governments. The county assembly did not make an expenditure outside IFMIS since the county assembly was given an exchequer credit on actual payments generated in IFMIS and exported to the recurrent account in the Central Bank of Kenya which was the only paying point since the account was linked to the IFMIS by the National Treasury, (Funding generated from the IFMIS and transmitted to the Central Bank of Kenya accounts under internet banking (IB) portal,) which is a mandatory document to be granted the line of credit by the Controller of Budget. It was not possible for the County Assembly to make payments outside IFMIS.

Committee Observation

The Committee noted that the County Assembly did not provide the supporting procurement documents to the Auditor General at the time of audit.

Committee Recommendation

The Committee recommends that the accounting officer undertake administrative actions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 to the Auditor General within sixty (60) days of the adoption of this report.

9. Acquisition of Assets

a. Construction of County Assembly Restaurant and Car Park

As previously reported, the County Assembly entered into a contract with a firm for the construction of a restaurant and a car park on 3 January, 2014 at a contract sum of Kshs.36, 685,718. An expenditure of Kshs.15, 765,679 was incurred on the project in the financial year 2014/2015 but payment vouchers were not submitted for audit verification.

During the year under review, project records including payment vouchers, certificates of completion issued, and status report of the project were still not provided for our audit verification. Further, a physical verification of the project revealed that it has stalled and there was no budgetary provision in respect of the project in the 2019/2020 financial year.

Consequently, the objectives of the project have not been achieved and residents of West Pokot County may not have obtained value for money spent on the project as planned.

Management Response

The Management noted the issues raised in the report regarding the project, and submitted that since 2015 the project had been under investigation by the Ethics and Anti-Corruption Commission for procurement irregularities and over payments, hence the County Assembly were not able to provide any documents since the original documents were still being held by the EACC. The Management stated they would avail them once the investigation was complete. The Management further stated that the workmanship of the contract was excellent and that it could easily be physically verified. The completion rate was at 88% as per project management committee report.

Committee Observation

The Committee noted that

i) the Ethics and Anti-Corruption Commission (EACC) was investigating the matter;
ii) there was none provision of information to auditors during audit exercise as the files were being held by the EACC; and
iii) The project was still incomplete beyond the stipulated contractual period and construction had stalled. Further, the contractor was not on site.

Committee Recommendation

The Committee recommends that:

i) EACC to expedite processing of the matter and provide a status update to the Senate within 90 days of adoption of this report;
ii) once the investigations are complete, the county assembly should take immediate action to complete the project;
iii) The OAG audits the project to ascertain the completion and utilization of the said projects in line with this recommendation in the subsequent audit cycle; and

iv) **The county assembly should undertake proper project conceptualization, planning and execution to ensure timely completion of the project as well as realization of value for money.**

b. Construction of Buildings

The statement of receipts and payments reflects an expenditure of Kshs.67, 920,438 Under acquisition of assets which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.58, 154,438 relating to construction of buildings. The latter balance includes an amount of Kshs.56, 154,439 paid during the year for construction of a modern assembly complex. The contract was awarded on 6 January, 2015 at a price of Kshs.358, 392,421.

The contractor has been paid a total of Kshs.338, 151,067 or 94% of the contract sum for certified works against 76% of work done as at 30 June, 2020. The amount paid include prime cost of Kshs.34, 000,000 which has not been accounted for. The completion/interim certificates were issued upon valuation by the quantity surveyor contrary to Section 48(4) of the Public Procurement and Assets Disposal Act, 2015 which requires the Inspection and Acceptance Committee to ensure that the correct quantity of the goods is received ,the goods, works or services meet the technical standards defined in the contract, the goods, works or services have been delivered or completed on time, or that any delay has been noted, all required manuals or documentation have been received and issue interim or completion certificates or goods received notes, as appropriate and in accordance with the contract.

However, the project is behind schedule as it was supposed to be completed by February, 2018. Management has not claimed liquidated damages from the contractor. The Management has explained that the execution of the contract was suspended by the Governor of West Pokot through a letter dated 19 September, 2017 to facilitate a special audit of all contracts. The basis of the termination of the contract and the termination letter by the Governor were not provided for audit verification.

Management Response

The statement of receipts and payments reflected an expenditure amount of Kshs.58, 154,438 relating to construction of buildings. The contract was awarded on 6 January, 2015 at a price of Kshs.358, 392,421. The amount paid included prime cost of Kshs.34, 000,000 which entailed preparation of site, insurance costs. The completion/interim certificates were issued upon valuation by the quantity surveyor since the contract was managed by a consultant on behalf of the County Assembly.

Before any payments, inspection and Acceptance Committee convened a meeting to ascertain work done in line with Section 48(4) of the Public Procurement and Assets Disposal Act, 2015 which required the Inspection and Acceptance Committee to ensure that the correct quantity of the goods was received, the goods, works or services met the technical standards defined in the contract, and had been delivered and completed in time, or that any delays had been noted. The required manuals or documentation had been received and issuance of the interim, completion certificates or goods received notes, was done appropriately and in accordance with the contract.

Committee Observations

The Committee noted that there was none provision of information to auditors during audit exercise. Further, the Committee noted that the project was still incomplete beyond stipulated contractual period and that it had stalled and contractor was not on site.

Committee Recommendation

The Committee recommends that;

i) **The county assembly takes immediate action to complete the project and provides information on the project status to the OAG within sixty (60) days of adoption of this report; and**

ii) **The OAG should audit the project to ascertain the completion and utilization of the said projects in line with this recommendation.**

c. Purchase of Motor Vehicles and Other Transport Equipment

Included in the acquisition of assets expenditure of Kshs.67, 920,438 is an amount of Kshs.8, 356,000 relating to purchase of motor vehicles and other transport equipment which was paid for purchase of a Toyota Fortuner. However, review of records provided revealed that the vehicle was directly procured although the prevailing conditions did not justify the procurement method. Further, the logbook for the vehicle was also not provided for audit verification. Management explained that the supplier was identified from the contracted suppliers of motor vehicles for the Ministry of Transport, Infrastructure, Public Works, and Housing and Urban Development. However, there was no documentary evidence to confirm that the County Assembly requested to use the contracted suppliers of the Ministry and the approval from the Tender Committee as required under Section 56 of the Public Procurement and Asset Disposal Act, 2015.

Management Response

The County Assembly incurred Kshs.8, 356,000 for the purchase of a Toyota Fortuner. However, the supplier was identified from the contracted suppliers of motor vehicles for the Ministry of Transport, Infrastructure, Public Works, and Housing and Urban Development which was approved by the County Assembly Services Board. The management submitted a copy of the log book for confirmation.

Committee Observation

The Committee noted the delay in submission of documents to the Auditor General at the time of audit.

Committee Recommendation

The Committee, therefore, recommends that the accounting officer takes administrative actions against the responsible officers in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report.

10. Unresolved Prior Year Audit Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of

auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

Committee Observation
The committee noted that the County Assembly did not take actions on the issues raised on the report of the Auditor General for Financial Year 2018/2019

Committee Recommendation
The Committee recommends that the County Assembly complies with the Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General for review within sixty (60) days of the adoption of this report.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Information Communication Technology
A review of the Information and Communication Technology (ICT) System of West Pokot County Assembly revealed that the Assembly did not have an approved IT Policy, Data Recovery Plan and IT Security Policy which are vital in effective and efficient management of the entity's IT resources.
Further, the County Assembly did not have an IT Steering Committee which is important in performing the oversight function and formulation of policies to ensure that IT Unit functions are properly in place to assist in the achievement of organizational objectives in an efficient, economic and effective manner. In addition, the County Assembly did not have periodic IT reports which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

Management Response
County Assembly submitted that it had an IT Policy, Data Recovery Plan (DRP) and IT security policy which were erroneously omitted for presentation during the time of audit. These policies are vital in effective and efficient management of the entity's IT resources. There was also an IT steering Committee which was tasked with performing the oversight function and formulation of policies to ensure that IT department functions were properly in place to assist in achieving the organizational objectives in an efficient, economic and effective manner. Management attached copies of appointment letters for the steering committee for confirmation.

Committee Observation
The Committee noted that;-

i) The County Assembly did not have an IT Policy, Data Recovery Plan and an IT security Policy and an IT Steering Committee.
ii) There was failure of the County Assembly to submit supportive documents to the Auditor General at the time of the Audit.

Committee Recommendation
The Committee, therefore recommends that the accounting officer takes administrative actions against the responsible officer(s) for failing to provide the

relevant documents in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Auditor General within sixty (60) days from the adoption of this report.

2. Internal Audit Function

As previously reported, the County Assembly has established an Internal Audit Unit to oversee the governance mechanism and promote transparency and accountability of management of the County Assembly's resources. The unit has, however, only two officers who report to Management instead of an Audit Committee contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Head of Internal Audit Unit in a County Government to enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the Audit Committee.

Consequently, due to the shortage of capacity in Internal Audit Unit, weaknesses in internal control systems may pass unnoticed exposing the County Assembly to risk of loss of assets and other resources.

Management Response

The Management submitted that the internal audit department had no adequate staff. The County Assembly Service Board was in the process of recruiting three qualified staff in order to improve the Assembly's internal controls. Additionally, the management stated that they had a fully constituted Audit Committee.

Committee Observation

The Committee noted that the County Assembly had capacity shortage in the Internal Audit Unit.

Committee Recommendation

The Committee recommends that the County Assembly should enhance staffing of the Internal Audit Unit with qualified personnel and build capacity of the staff for effective service delivery and provides a status report to the Auditor General within sixty (60) days from the adoption of this report.

3. Risk Management Processes

As reported in the previous year, a review of risk management processes revealed that the Management does not conduct risk assessment of the various operational areas to make recommendations of the measures to be instituted to check on the risks. The lack of risk assessment and regular reviews on fraud risk control processes makes it impossible for the Management to establish if the operations are not prone to risks.

Management Response

The Management admitted that there had been lapses in the risk management processes because of failure to conduct and identify risk assessment on operational areas. However, with the adoption of a risk management policy and risk register the County Assembly expected that the Assembly would run in an environment with adequate internal controls and good governance. The Management submitted an approved risk policy and risk register for confirmation.

Committee Observation

The committee noted that the county assembly did not have a risk policy framework in place. The committee further observed that lack of risk prevention mechanism may expose the county assembly assets to various form of risks.

Committee Recommendation

The Committee recommends that;-

i) **The Accounting Officer should put in place a risk management policy and disaster recovery plan and provide a status update to the Office of the Auditor General within sixty (60) days from the adoption of this report.**

ii) **The Auditor General should closely monitor the development, documentation and communication of the policies within the county assembly in the subsequent audit cycle.**

CHAPTER TEN

REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MURANGA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

The Speaker of Murang'a County Assembly, Hon. Johnson Mukuha, and the Clerk Mr. Kuria wa Thuita, appeared before the Committee on, Thursday 23rd March 2023 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Murang'a County Assembly for the Financial Year 2019/2020.

Qualified Opinion

EXECUTIVE SUMMARY OF THE UNRESOLVED AUDIT ISSUES

No.	Query	Recommendations	Actor	Timeline
1.	**Compensation of Employees.** Payroll records reflected balances totaling to 187,544,558 resulting in an aggregate difference of Kshs.73,401,167 between the Bank, Cash and Fund accounts, and the IFMIS ledgers.	The Committee recommends that the accounting officer undertake administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.	County Assembly Clerk	within sixty (60) days from the adoption of this report
2.	**1.0.3 Foreign Travel and Subsistence** MCAs supposedly used their own resources to finance the trips and claimed for refunds thereafter with no records on authority to do so having been granted to them by the Accounting Officer.	The Committee recommends that; 1) the accounting officer undertake administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance	1. The Clerk, County Assembly 2. The Auditor-General	Next Audit Cycle

	(ii) Reports prepared by the payees upon return, if any, were not submitted for audit and as a result the outputs and results from the trips could not be confirmed.	Management Act 2012 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. 2) The management should adhere to Imprest management Policy as outlined in the Public Finance Management (County Governments) Regulations, 2015.		
3.	**1.0.4 Fixed Assets** Title deeds and valuation reports for lands costed at Kshs.127,000,000 included in the summary of assets register, were not provided for audit review.	The Committee recommends that; 1) the accounting officer undertake administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. 2) The County assembly should update and present their Fixed Assets Register in the	1. The Clerk, County Assembly 2. The Auditor-General	60 days from the adoption of this report

		format prescribed by the Public Sector Accounting Standards Board; and 3) Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.		
3.	**2.0.2 Finance Costs.** The trial balance indicated that the costs comprised Kshs.34,989,191 and Kshs.1,037,820 designated as "other depository corporations" and "Public enterprises" respectively. These two expenditure classes were not in the approved budget and Chart of Accounts	The Committee recommends that; 1) the Accounting Officer undertakes administrative action(s) against the officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report; and 2) The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	The County Assembly Clerk the National Treasury	60 days after the date of adoption of this report

4.	**Other Matter Unresolved Prior-Year Audit Issues** Management has made efforts to resolve some of the previous year matters while others remain unresolved	The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raises by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.	1. The Clerk, County Assembly 2. The Auditor-General	60 Days after the date of adoption of this report.
3.	**Lack of Ethnic Diversity in Staff Establishment**. The County Assembly had eighty-three (83) employees out of whom seventy-eight (78) or 94% were from the dominant ethnic community in the County including four staff recruited during the year under review.	1) The county assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and 2) The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.	1. The Clerk, County Assembly 2. The Auditor-General	Continuous / 60days from the adoption of this report
4.	**3.0 Irregular Payments to Society of Clerks at the Table** Kshs.500,000 was paid for subscription fees to the Society of Clerks at the Table (SOCAT), which caters for affairs of County	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	1. The Senate 2. The Auditor General	Continuous

	Assembly staff nation-wide			

Basis for Qualified Opinion

1.0 Unconfirmed Balances

Examination of records for the balances reflected in the financial statements revealed anomalies in the following accounts.

1.0.1 Cash and Fund Balances

Bank, Cash and Fund account balances reflected in the statement of financial assets and liabilities as at 30 June, 2020 differ with those reflected in respect to the accounts in the Integrated Financial Information System (IFMIS) ledger as summarized below:

Item	Financial Statements Balances Kshs	Balances as per IFMIS Ledger Kshs	Variance Kshs.
Bank Balances	4,886,229	0	4,886,229
Cash Balances	0	4,886,229.50	4,886,229.50
	0	3,993,215	3,993,215

No reconciliations or explanation have been provided for the variances.

Management Response

The account balances reflected in statement of financial assets and liabilities as at 30 June
2020 have been reconciled with IFMIS report balances as summarized in the tables below.

Table 1

Item	Financial Statements Balances Kshs	Balances as per IFMIS Ledger Kshs	Variance Kshs.
Bank Balances	4,886,229	0	4,886,229
Cash Balances	0	4,886,229.50	4,886,229.50
	0	3,993,215	3,993,215

Table 2;

Statement of Assets and Liabilities- County Assembly
Entity: 4011- Murangá County Assembly
Current Period Jul 2019 to June 2020
Compare with July 2018 to June 2019

	Note	Current Period	Previous Period
FINANCIAL ASSETS			
Cash and Cash Equivalents	13A	4,886,820	3,993,216

Cash Balances	13B	0	0
Total Cash and Cash Equivalents		4,886,820	3,993,216
Accounts Receivables	14	0	0
TOTAL FINANCE ASSETS		4,886,820	3,993,216
Financial Liabilities			
Accounts Payables- Deposits	15	4,886,820	3,993,216
NET FINANCIAL ASSETS		0	0
REPRESENTED BY			
Fund Balance b/fwd	16	0	140,316
Prior Year adjustments	17	0	0
Surplus/Deficits for the Year			-140,316
NET FINANCIAL POSITION		0	0

7.2 STATEMENTS OF FINSNCIAL ASSETS AND LIABILITIES
Table 3.

		2019/2020	2018/2019
FINANCIAL ASSETS	Note	Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	13A	4,886,229	3,993,215
Cash Balances	13B		
Total Cash and Cash equivalents		4,886,229	3,993,215
Accounts Receivables – Outstanding Imprests	14	-	-
TOTAL FINANCIAL ASSESTS		4,886,229	3,993,215
FINANCIAL LIABILITIES			
Accounts Payables- Deposits and retentions	15	4,886,229	3,993,215
NET FINANCIAL ASSETS		0	-
REPRESENTED BY			
Fund balance b/fwd	16	-	140,316
Surplus/Deficit for the year		0	-140,316

NET FINANCIAL POSITION		0	0

Committee Observations.
The Committee noted that although the management did not submit all the relevant documents and information to the Auditor General at the time of audit as per Section 62 of the Public Audit Act, 2015, the management has since submitted documents and reconciliation verified by the Auditor.

Committee Recommendation
The committee recommends that the matter be marked as resolved.

1.0.2 Compensation of Employees
The statement of receipts and payments reflects compensation of employees' payments totaling Kshs.260,945,725, as further disclosed in Note 4 to the financial statements. However, payroll records reflected balances totaling to 187,544,558 resulting in an aggregate difference of Kshs.73,401,167 as shown in the table below:

Item	Financial Statement Ksh	Payroll Kshs	Difference Ksh
Basic Salaries of Permanent Employees	188,749,189	260,696,698	71,947,509
Basic Wages of Temporary Employees	20,844,007	22,297,665	1,453,658
Personal Allowances	51,352,530	51,352,530	-
Totals			73,401,167

No satisfactory explanation was provided by Management for the variance totalling Kshs.73,401,167 and as a result, the accuracy and completeness of the compensation to employees' expenditure totalling Kshs.260,945,725 reflected in the financial statements could not be confirmed.

Management Response
Financial statements reflect basic salaries of permanent employees of Kshs.188,749,189,
basic wages of temporary employees of Kshs.20,844,007 and personal allowances paid as part of salary of Kshs.51,352,530 totaling to 260,945,725. These are actual payments as at 30 June 2020.

Committee Observations
The Committee observed that; -

a) The matter was still outstanding as the documents to support the variance were not submitted during the audit cycle.

b) The County Assembly clerk wished to present a document to explain the variance, which were not part of the official response submitted to the Committee for verification.

Committee Recommendations

The Committee recommends that the accounting officer undertakes administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.

1.0.3 Foreign Travel and Subsistence

Payments totaling Kshs.35,466,801 relating to foreign travel and subsistence include subsistence allowance claims totaling Kshs.7,782,336 paid to twenty members of the County Assembly and members of staff who were reported to have attended various meetings in foreign countries. However, examination of records on the trips revealed the following anomalies:

(i) The staff and MCAs supposedly used their own resources to finance the trips and claimed for refunds thereafter. However, there were no records on authority to do so having been granted to them by the Accounting Officer.
(ii) Reports prepared by the payees upon return, if any, were not submitted for audit and as a result the outputs and results from the trips could not be confirmed. In view of the anomalies, it was not possible to confirm that the payments totaling
Kshs.7,782,336, were a proper charge to public expenditure

Management Response

During the year under review, the Assembly was faced with financial challenges due to delay in disbursement of funds, thus requesting the members and staff travelling on official duties abroad to source for funds to enable them accomplish the official assignments and be refunded once the funds are available. After every trip a report is prepared by the travelling delegation and are available for audit verification.

Committee Observations.

The Committee observed that; -

a) The MCAs and the staff of the county assembly used their own resources to cater for the travel expenses to Italy, without the authority to incur expenditure from the AIE holder.
b) The relevant documents to support the travel expenditure, including the Training Needs Assessment report, Invitation letters, list of participants, imprest surrender, and post-training (Back to office) evaluation report were not submitted to the OAG for verification during the audit exercise.

Committee Recommendations.

The Committee recommends that;

1) **the accounting officer undertake administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and**
2) **The management should adhere to Imprest management Policy as outlined in the Public Finance Management (County Governments) Regulations, 2015.**

1.0.4 Fixed Assets

Disclosed in Annex 4 to the financial statements is a summary fixed assets register that reflects assets with historical costs totaling Kshs.465,595,952.50 as at 30 June, 2020. However, title deeds and valuation reports for lands costed at Kshs.127,000,000 included therein were not provided for audit review.

Consequently, the completeness and accuracy of the fixed assets balance totaling Kshs.465, 595,952.50 as at 30 June, 2020 could not be confirmed. Further, computers, furniture and other equipment did not have tag numbers to identify and track their locations and users and as a result, the risk of their misplacement or loss was high.

Management Response

The Assembly is in the process of acquiring ownership documents and has already done manual tagging of computers, furniture and other equipment. The list of assets was summited for the committee verification.

Committee Observations; -

The Committee observed that; -

i) The Assembly was in the process of acquiring the ownership documents for the assets, and identification features for the machines and furniture.
ii) No documents were submitted to show that the Assembly was in the process of acquiring ownership documents for the assets.

Committee Recommendations

The Committee recommends that;

1) **the accounting officer undertake administrative actions against the responsible officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.**
2) **The County assembly should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board; and**
3) **Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.**

1.0.5 Pending Bills

Disclosed under Note 7.10 to the financial statements on other disclosures, are pending bills totaling Kshs.59,939,650 relating to construction of buildings - Kshs 1,567,285,

staff payables - Kshs.53,155,240 and unpaid taxes to the Kenya Revenue Authority (KRA) Kshs.5,217,125. However, detailed analyses of pending staff payables were not provided for audit.
As a result, the accuracy, validity and completeness of the reported pending bills totaling Kshs.59,939,650 as at 30 June, 2020 could not be confirmed.

Management Response
Detailed analysis of pending staff payables amounting to Kshs. 53,155,240 for financial year 2019/2020 was as analyzed and the payment schedule attached for review and verification.

Committee Observations
The Committee observed that;

i) The management was experiencing late exchequer release from the county executive thus the unnecessary pending bills.
ii) the matter was satisfactorily resolved

Committee Recommendation.
The committee recommends that the matter be marked as resolved.

2.0 Misstated Expenditures
2.0.1 Social Security Benefits
The statement of receipts and payments reflects social security benefits payments totaling Kshs.14,795,463 for the year under review. However, the payment vouchers presented for audit reflected payments totaling Kshs.16,193,841, resulting in an unexplained variance of Kshs.1,398,378 and as a result, the accuracy and completeness of the payments totaling Kshs.14,795,463 could not be confirmed.

Management Response
The financial statement reflects social security benefits payments amounting to Kshs.14,795,463 as the actual payments made for the year ended 30 June 2020. However, total processed gratuity payment amounted to Kshs. 17, 991,411 resulting to variance of Kshs.3, 195,948. This variance was as a result of unpaid gratuity as at 30th June 2020 as tabulated below; -

Gratuity 2019/2020

No	Month	PV	Amount
1	Jul-19	11292	1,418,793.00
2	Aug-19	11565	1,419,543.00
3	Sep-19	11566	1,526,004.00
4	Oct-19	11733	1,514,119.00
5	Nov-19	11749	1,514,119.00
6	Dec-19	12316	1,514,119.00
7	Jan-20	12317	1,514,119.00
8	Feb-20	12330	1,514,119.00
9	Mar-20	12491	1,514,119.00

10	Apr-20	12768	1,514,119.00	
11	May-20	13005	1,514,119.00	
12	Jun-20	13006	1,514,119.00	
	TOTAL GRATUITY PROCESSED		17,991,411.00	
	ACTUAL PAYMENT		14,795,463.00	
	VARIANCE		3,195,948.00	

Committee Observations.

The Committee observed that; -

i) The Assembly was facing issues with misstatement issues in its financial statements.
ii) The County Assembly underreported its payment vouchers at the time of audit.
iii) The Assembly did not cooperate with the OAG during the audit cycle, in provision of explanations and documentations.

Committee Recommendations.

The Committee recommends that;

1) **the Accounting Officer undertakes administrative action(s) against the officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and**
2) **The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.**

2.0.2 Finance Costs

Note 11 to the financial statements reflects payments for finance costs totalingKshs.36,027,011. The trial balance as at 30 June, indicated that the costs comprised

Kshs.34,989,191 and Kshs.1,037,820 designated as "other depository corporations" and "public enterprises" respectively. However, the two expenditure classes were not in the approved budget and Chart of Accounts. Examination of the respective payment records indicated that the items related to public participation expenses and loans provided to members of the County Assembly though an existing car and mortgage facility. No explanation was provided for the incorrect classification of the payments.

In addition, payments totaling Kshs.766,422 were incorrectly charged to the finance costs item. Management did not provide a satisfactory explanation the misallocation.

Management Response

Items under the finance cost included Public Enterprises and loans on other instruments votes. Public enterprise is in the chart of accounts under code 2420401- the approved budget for financial year 2019/2020 under code 2420401-00001001-0701024010-40100001-public enterprise.

Loans and other instruments were in the chart of accounts under code 2420203- Loans and other instruments and in the approved budget for financial year 2019/2020 under

code 2420203-00001001-0701014010-40100001-
The actual payments for public enterprises vote was Kshs.1,037,820 and loans on other instruments Kshs.34,989,190.50 totaling to Kshs.36,027,011. Kshs.766,422 was an amount paid to KRA as payee deductions from allowances paid to public participation charged under public enterprises vote.

Committee Observations

The Committee noted that; -

a) The County Assembly misclassified and misreported expenditure was due to listing public participation as a finance cost.
b) The matter was partially resolved as the financial statements had not been reconciled and misallocation not explained, during the audit process.

Committee Recommendation

The Committee recommends that;

1) **the Accounting Officer undertakes administrative action(s) against the officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act 2012 and provide a status report to the Committee within sixty (60) days from the adoption of this report; and**
2) **The Accounting Officer to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.**

Other Matter

Unresolved Prior-Year Audit Issues

In the report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Management has made efforts to resolve some of the matters while others remain unresolved, as indicated in the report on follow-up on auditor's recommendations at Note 7 of other disclosures. The actual status of the issues shall be determined after they are deliberated upon by the Legislature.

Management Response

The management provided the summary of issues raised by the external auditor, and management comments that were provided to the auditor. The management nominated focal persons to resolve the various issues with the associated time frame within which it's expect that the issues be resolved. The implementation schedule was attached for verification.

Committee Observations

The Committee noted that some of the issues were still outstanding as some of the issues were not yet addressed and resolved.

Committee Recommendations

The Committee recommends that the County Assembly complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raises by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Basis for Conclusion

1.0 Lack of Ethnic Diversity in Staff Establishment.

Review of personnel records revealed that as at 30 June, 2020 the County Assembly had eighty-three (83) employees out of whom seventy-eight (78) or 94% were from the dominant ethnic community in the County. These included four staff recruited during the year under review. Section 65(e) of the County Governments Act, 2012 provides that, in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County in order to promote national unity. The County Assembly's staff establishment did not comply with the law on ethnic diversity in public sector staffing.

Management Response

The Assembly recruits its officers through a competitive process that involves advertisement in National newspapers and the Assembly website. When applications are received over 90% of the applicants are normally from the dominant ethnic community in the County.

Committee Observation

The Committee observed that there was no ethinic diversity among the County Assembly employees. The Committee also observed that due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of the staff from the same ethnic community.

Committee Recommendations

The Committee recommends that-

1. **The county assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.**
2. **The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.**

2.0 Failure to Implement E-procurement

However, review of the County Executive Order No.6 of 2015 of 7 May, 2015 required all public entities to fully implement the e-procurement processes within a period two weeks from the date of the Order.
Further, Executive Order No.2 of 2018 prescribed that by the 1 of January, 2019, all public procuring entities were to carry out all their procurement activities through the E-procurement module. Assembly's procurement process revealed that only.
Requests for Quotations and payments for items that were procured through open tenders were done through the E-procurement system during the year under review. All other processes were conducted manually. No satisfactory explanation was provided for the failure to adhere to the Executive Orders.

Management Response
The management noted the Auditors observation and wish to confirm that the Assembly had initiated and implemented E-procurement in its processes.

Committee Observation
The Committee observed that the matter was still outstanding as there were no documents to show that the process of implementing the E-Procurement policy was initiated.

Committee Recommendation
The Committee recommends;-

1) **sanctions against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 62(2) of the Public Audit Act, 2015 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and**
2) **the OAG verify the status of the matter in subsequent audit cycle.**

3.0 Irregular Payments to Society of Clerks at the Table
Expenditure records indicated Kshs.500,000 was in the year under review paid for subscription fees to the Society of Clerks at the Table (SOCAT), which caters for affairs of County Assembly staff nation-wide. However, as similarly reported in previous years, legislation recognizing the Society as qualified to receive grants from public funds doesn't exist.
In the circumstance, the payment totalling Kshs.500,000 was irregular.

Management Response
Society of Clerks at the table (SOCATT) is a body that brings together all Clerks of the County Assemblies, as such Murang'a County Assembly as a member is therefore bound by the terms and condition of membership which includes payment of annual subscription fee.

Committee Observation
The Committee noted that; -

i) The irregular payment to CAF and SOCATT has been happening in previous years and is cross-cutting among all the 47 counties.

ii) The Committee noted that the payment was irregular since the forum is not legally established.

Committee Recommendations

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

4.0 Weak Oversight and Governance System

Review of the operations of the Internal Audit Unit indicated that it was not sufficiently staffed as it had only one internal auditor. In addition, the minutes of the deliberations of the Audit Committee were not made available for audit review.

In view of these weaknesses oversight and governance over the County Assembly's administrative operations was not properly established.

Management Response

The Assembly increased personnel in the Audit office by adding one more staff to strengthen the office; arrangements are still underway to increase the number of personnel in the office. Further, the Audit committee minutes for the period under review are available for audit verification.

Committee Observations

The Committee observed that; -

a) The County Assembly had empowered its Audit Unit by recruiting more staff and the minutes to show the activity of the Unit were provided to the OAG for verification.
b) The matter was satisfactorily addressed.

Committee Recommendations

The Committee recommends that the matter be marked as resolved.

MINUTES OF THE SIXTIETH (60TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER REPORTS OF THE COMMITTEE HELD ON FRIDAY, 7TH JULY, 2023 AT THE BARASA TWO CONFERENCE HALL, SAROVA WHITESANDS AND BEACH RESORT, MOMBASA COUNTY FROM 9:30 A.M.

PRESENT

1. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member
4. Sen. Methu John Muhia, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson
7. Sen. Onyonka Richard Momoima, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - LRO, Office of the Auditor General

ETHICS AND ANTI-CORRUPTION COMMISSION

CPA. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Mr. Simon Komu -Parliamentary Liaison Officer
2. Mr. Cyrus Munyua -Parliamentary Liaison Officer
3. Mr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno -Principal Clerk Assistant
2. Mr. Crispus Tima -First Clerk Assistant
3. Mr. Boniface Kiambi -First Clerk Assistant
4. Mr. Hussein Salat - Fiscal Analyst II
5. Ms. Jackson Wekesa - Legal Counsel II
6. Mr. Kevin Kibet -Clerk Assistant III
7. Ms. Keziah Muthama -Fiscal Analyst III
8. Mr. James Ngusya - Serjeant-at-Arms
9. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/420/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 9:40 am followed by a word of prayer.

MIN/SEN/CPAC/421/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Methu John Muhia, MP as follows;

1) Prayer
2) Adoption of Agenda
3) Confirmation of Minutes of the Previous Meetings
4) Consideration and Adoption of the following Reports of the Committee:

County Assemblies

1. West Pokot County Assembly -2019/2020
2. Muranga County Assembly -2019/2020

9. Any Other Business
10. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/422/2023 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of the following Meetings were confirmed as a true record of the proceedings of those meetings after being proposed by Sen. Okoiti Andrew Omtatah, MP CBS, MP and seconded by Sen. Methu John Muhia, MP:

1. Minutes of the 17th Meeting held on 23rd February 2023 with West Pokot County Assembly
2. Minutes of the 29th Meeting held on 23rd March 2023 with Murang'a County Assembly

MIN/SEN/CPAC/423/2023 CONSIDERATION AND ADOPTION OF REPORTS OF THE COMMITTEE

The Secretariat took the Committee through various reports of the entities interrogated by the Committee as follows:

County assemblies

1. West Pokot County Assembly -2019/2020
2. Murang'a County Assembly -2019/2020

Resolution

The Committee unanimously adopted the following two (2) reports with amendments for tabling before the Senate;

1. West Pokot County Assembly -2019/2020
2. Murang'a County Assembly -2019/2020

MIN/SEN/CPAC/424/2023 CONSIDERATION AND ADOPTION OF THE COMMITTEE SITTING SCHEDULE FOR THE MONTH OF AUGUST 2023

The Committee considered and approved the appearance schedule for the month of August 2023 as follows:

Monday, 7th August 2023	10.00 am	Bungoma County Executive
Tuesday, 8th August 2023	10.00 am	Elgeyo Marakwet County Executive
Thursday, 10th August 2023	10.00 am	Embu County Executive

Monday, 14th August 2023	10.00 am	Kitui County Executive
Tuesday, 15th August 2023	10.00 am	Kisumu County Executive
Thursday, 17th August 2023	10.00 am	Nyandarua County Executive
Monday, 21st August 2023	10.00 am	Kiambu County Executive-2018/2019 &2019/2020
Tuesday, 22nd August 2023	10.00 am	Murang'a County Executive – 2017/2018
Thursday, 24th August 2023	10.00 am	Lamu County Assembly
	10:00 am	Meru County Assembly
Monday, 28th August 2023	10.00 am	Machakos County Assembly
	10:00 am	Nakuru County Assembly
Tuesday, 29th August 2023	10.00 am	Nairobi County Assembly 2018/2019 &2019/2020
	10.00 am	Tana River County Assembly
Thursday, 31st August 2023	10.00 am	Nyandarua County Assembly 2018/2019 &2019/2020
	10.00 am	Kirinyaga County Assembly

MIN/SEN/CPAC/425/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1.50 p.m. The next meeting would be held on Monday, 10th July, 2023 at 9:30 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE...7th July, 2023.....

MINUTES OF THE FIFTY NINTH (59TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER REPORTS OF THE COMMITTEE HELD ON THURSDAY, 6TH JULY, 2023 AT THE BARASA TWO CONFERENCE HALL, SAROVA WHITESANDS AND BEACH RESORT, MOMBASA COUNTY FROM 3:00 P.M.

PRESENT

1. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member
4. Sen. Methu John Muhia, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson
7. Sen. Onyonka Richard Momoima, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - LRO, Office of the Auditor General

ETHICS AND ANTI-CORRUPTION COMMISSION

CPA. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Mr. Simon Komu -Parliamentary Liaison Officer
2. Mr. Cyrus Munyua -Parliamentary Liaison Officer
3. Mr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno -Principal Clerk Assistant
2. Mr. Crispus Tima -First Clerk Assistant
3. Mr. Boniface Kiambi -First Clerk Assistant
4. Mr. Hussein Salat - Fiscal Analyst II
5. Ms. Jackson Wekesa - Legal Counsel II
6. Mr. Kevin Kibet -Clerk Assistant III
7. Ms. Keziah Muthama -Fiscal Analyst III
8. Mr. James Ngusya - Serjeant-at-Arms
9. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/414/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 3:15 pm followed by a word of prayer.

MIN/SEN/CPAC/415/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Methu John Muhia, MP as follows;

1) Prayer
2) Adoption of Agenda
3) Confirmation of Minutes of the Previous Meetings
4) Consideration and Adoption of the following Reports of the Committee:

E. <u>County Assemblies</u>

11. Narok County Assembly -2019/2020
12. Nyamira County Assembly -2019/2020
13. Trans Nzoia County Assembly -2019/2020
14. West Pokot County Assembly -2018/2019
15. West Pokot County Assembly -2019/2020
16. Muranga County Assembly -2019/2020

8. Any Other Business
   Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/416/2023 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of the following Meetings were confirmed as a true record of the proceedings of those meetings after being proposed by Sen. Okoiti Andrew Omtatah, MP CBS, MP and seconded by Sen. Methu John Muhia, MP:

1. Minutes of the 17th Meeting held on 23rd February 2023 with Narok County Assembly
2. Minutes of the 42nd Meeting held on 5th June 2023 with Nyamira County Assembly
3. Minutes of the 29th Meeting held on 23rd March 2023 with Trans Nzoia County Assembly
4. Minutes of the 17th Meeting held on 23rd February 2023 with West Pokot County Assembly

MIN/SEN/CPAC/417/2023 CONSIDERATION AND ADOPTION OF REPORTS OF THE COMMITTEE

The Secretariat took the Committee through various reports of the entities interrogated by the Committee as follows:

<u>County assemblies</u>

1. Narok County Assembly -2019/2020
2. Nyamira County Assembly -2019/2020
3. Trans Nzoia County Assembly -2019/2020
4. West Pokot County Assembly -2018/2019

<u>Resolution</u>

The Committee unanimously adopted the following four (4) reports with amendments for tabling before the Senate;

1. Narok County Assembly -2019/2020
2. Nyamira County Assembly -2019/2020
3. Trans Nzoia County Assembly -2019/2020
4. West Pokot County Assembly -2018/2019

MIN/SEN/CPAC/419/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 4.50 p.m. The next meeting would be held on Friday, 7th July, 2023 at 9:30 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE FIFTY EIGHTH (58TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER REPORTS OF THE COMMITTEE HELD ON THURSDAY, 6TH JULY, 2023 AT THE BARASA TWO CONFERENCE HALL, SAROVA WHITESANDS AND BEACH RESORT, MOMBASA COUNTY FROM 9:30 A.M.

PRESENT

1. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member
4. Sen. Methu John Muhia, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson
7. Sen. Onyonka Richard Momoima, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Legislative Relations Officer

ETHICS AND ANTI-CORRUPTION COMMISSION

CPA. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Mr. Simon Komu -Parliamentary Liaison Officer
2. Mr. Cyrus Munyua -Parliamentary Liaison Officer
3. Mr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno -Principal Clerk Assistant
2. Mr. Crispus Tima -First Clerk Assistant
3. Mr. Boniface Kiambi -First Clerk Assistant
4. Mr. Hussein Salat - Fiscal Analyst II
5. Ms. Jackson Wekesa - Legal Counsel II
6. Mr. Kevin Kibet -Clerk Assistant III
7. Ms. Keziah Muthama -Fiscal Analyst III
8. Mr. James Ngusya - Serjeant-at-Arms
9. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/409/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 10:05 am followed by a word of prayer.

MIN/SEN/CPAC/410/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Methu John Muhia, MP as follows:

1) Prayer
2) Adoption of Agenda
3) Confirmation of Minutes of the Previous Meetings
4) Consideration and Adoption of the following Reports of the Committee:

D. <u>County Assemblies</u>

1. Isiolo County Assembly -2019/2020
2. Kiambu County Assembly -2019/2020
3. Kitui County Assembly -2019/2020
4. Marsabit County Assembly -2019/2020
5. Narok County Assembly -2019/2020
6. Nyamira County Assembly -2019/2020
7. Trans Nzoia County Assembly -2019/2020
8. West Pokot County Assembly -2018/2019
9. West Pokot County Assembly -2019/2020
10. Muranga County Assembly -2019/2020

7. Any Other Business
   Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/411/2023 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of the following Meetings were confirmed as a true record of the proceedings of those meetings after being proposed by Sen. Okoiti Andrew Omtatah, MP CBS, MP and seconded by Sen. Methu John Muhia, MP:

1. Minutes of the 13th Meeting held on 16th February 2023 with Isiolo County Assembly
2. Minutes of the 17th Meeting held on 23rd February 2023 with Kiambu County Assembly
3. Minutes of the 9th Meeting held on 9th February 2023 with Kitui County Assembly
4. Minutes of the 43rd Meeting held on 5th June 2023 with Marsabit County Assembly

MIN/SEN/CPAC/412/2023 CONSIDERATION AND ADOPTION OF REPORTS OF THE COMMITTEE

The Secretariat took the Committee through various reports of the entities interrogated by the Committee as follows:

<u>County assemblies</u>

1. Isiolo County Assembly -2019/2020
2. Kiambu County Assembly -2019/2020
3. Kitui County Assembly -2019/2020
4. Marsabit County Assembly -2019/2020

<u>Resolution</u>

The Committee unanimously adopted the following four (4) reports with amendments for tabling before the Senate.

1. Isiolo County Assembly -2019/2020
2. Kiambu County Assembly -2019/2020
3. Kitui County Assembly -2019/2020
4. Marsabit County Assembly -2019/2020

MIN/SEN/CPAC/413/2023 ADJOURNMENT AND DATE OF

NEXT MEETING

The meeting was adjourned at 1.45 p.m. The next meeting would be held on Thursday, 6th July, 2023 at 3:00 p.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE FIFTY SIXTH (56TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER REPORTS OF THE COMMITTEE HELD ON TUESDAY, 4TH JULY, 2023 AT THE BARASA TWO CONFERENCE HALL, SAROVA WHITESANDS AND BEACH RESORT, MOMBASA COUNTY FROM 2:30 P.M.

PRESENT

1. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member
4. Sen. Methu John Muhia, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson
7. Sen. Onyonka Richard Momoima, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - LRO, Office of the Auditor General

ETHICS AND ANTI-CORRUPTION COMMISSION

CPA. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Mr. Simon Komu -Parliamentary Liaison Officer
2. Mr. Cyrus Munyua -Parliamentary Liaison Officer
3. Mr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno -Principal Clerk Assistant
2. Mr. Crispus Tima -First Clerk Assistant
3. Mr. Boniface Kiambi -First Clerk Assistant
4. Mr. Hussein Salat - Fiscal Analyst II
5. Ms. Jackson Wekesa - Legal Counsel II
6. Mr. Kevin Kibet -Clerk Assistant III
7. Ms. Keziah Muthama -Fiscal Analyst III
8. Mr. James Ngusya - Serjeant-at-Arms
9. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/398/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 2:47 am followed by a word of prayer.

MIN/SEN/CPAC/399/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, MP and seconded by Sen. Methu John Muhia, MP as follows:

1) Prayer
2) Adoption of Agenda
3) Confirmation of Minutes of the Previous Meetings
4) Consideration and Adoption of the following Reports of the Committee:

B. <u>County Executives</u>

1. Nandi County Executive -2019/2020
2. Nyamira County Executive -2019/2020
3. Nyeri County Executive -2019/2020
4. Siaya County Executive -2019/2020
5. Vihiga County Executive -2019/2020
6. Wajir County Executive -2019/2020
7. Tana River County Executive -2018/2019

C. **County Assemblies**

1. Isiolo County Assembly -2019/2020
2. Kiambu County Assembly -2019/2020
3. Kitui County Assembly -2019/2020
4. Marsabit County Assembly -2019/2020
5. Narok County Assembly -2019/2020
6. Nyamira County Assembly -2019/2020
7. Trans Nzoia County Assembly -2019/2020
8. West Pokot County Assembly -2018/2019
9. West Pokot County Assembly -2019/2020
10. Muranga County Assembly -2019/2020

6. Any Other Business
   Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/400/2023 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of the following Meetings were confirmed as a true record of the proceedings of those meetings after being proposed by Sen. Okoiti Andrew Omtatah, MP CBS, MP and seconded by Sen. Methu John Muhia, MP:

1. Minutes of the 42nd Meeting held on 5th June 2023 with Nandi County Executive
2. Minutes of the 14th Meeting held on 20th February 2023 with Nyamira County Executive
3. Minutes of the 8th Meeting held on 8th February 2023 with Nyeri County Executive
4. Minutes of the 31st Meeting held on 30th March 2023 with Siaya County Executive
5. Minutes of the 12th Meeting Held on 15th February 2023 with Vihiga County Executive
6. Minutes of the 39th Meeting held on 18th May 2023 with Wajir County Executive
7. Minutes of the 56th Meeting held on 5th July 2023 with Tana River County Executive.

MIN/SEN/CPAC/401/2023 CONSIDERATION AND ADOPTION OF REPORTS OF THE COMMITTEE

The Secretariat took the Committee through various reports of the entities interrogated by the Committee as follows:

County Executives

1. Nandi County Executive -2019/2020
2. Nyamira County Executive -2019/2020
3. Nyeri County Executive -2019/2020
4. Siaya County Executive -2019/2020
5. Vihiga County Executive -2019/2020
6. Wajir County Executive -2019/2020
7. Tana River County Executive -2018/2019

Resolution

The Committee unanimously adopted the following seven (7) reports with amendments for tabling before the Senate;

1. Nandi County Executive -2019/2020
2. Nyamira County Executive -2019/2020
3. Nyeri County Executive -2019/2020
4. Siaya County Executive -2019/2020
5. Vihiga County Executive -2019/2020
6. Wajir County Executive -2019/2020
7. Tana River County Executive -2018/2019

MIN/SEN/CPAC/402/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 5.30 p.m. The next meeting would be held on Wednesday, 5th July, 2023 at 9:30 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE FIFTY FIFTH (55TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER REPORTS OF THE COMMITTEE FOR TWENTY FIVE COUNTY ENTITIES HELD ON TUESDAY, 4TH JULY, 2023 AT THE BARASA TWO CONFERENCE HALL, SAROVA WHITESANDS AND BEACH RESORT, MOMBASA COUNTY FROM 10:00 A.M.

PRESENT

1. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member
4. Sen. Methu John Muhia, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson
7. Sen. Onyonka Richard Momoima, MP - Member
8. Sen. Sifuna Edwine Watenya, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Legislative Relations Officer

ETHICS AND ANTI-CORRUPTION COMMISSION

CPA. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Dr. Simon Komu -Parliamentary Liaison Officer
2. Dr. Cyrus Munyua -Parliamentary Liaison Officer
3. Dr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno -Principal Clerk Assistant
2. Mr. Crispus Tima -First Clerk Assistant
3. Mr. Boniface Kiambi -First Clerk Assistant
4. Mr. Hussein Salat - Fiscal Analyst II
5. Ms. Jackson Wekesa - Legal Counsel II
6. Mr. Kevin Kibet -Clerk Assistant III
7. Ms. Keziah Muthama -Fiscal Analyst III
8. Mr. James Ngusya - Serjeant-at-Arms
9. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/392/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 10:40 am followed by a word of prayer.

MIN/SEN/CPAC/393/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Mwenda Gataya Mo Fire, MP as follows;

1) Prayer
2) Adoption of Agenda
3) Confirmation of Minutes of the Previous Meetings.
4) Consideration and Adoption of the following Reports of the Committee:

A. <u>County Executives</u>

1. Tharaka Nithi County Executive - 2019/2020
2. Homa Bay County Executive - 2019/2020
3. Kakamega County Executive - 2019/2020
4. Kirinyaga County Executive - 2019/2020
5. Makueni County Executive -2019/2020
6. Meru County Executive -2019/2020
7. Bomet County Executive - 2019/2020
8. Muranga County Executive -2019/2020
9. Nandi County Executive -2019/2020
10. Nyamira County Executive -2019/2020
11. Nyeri County Executive -2019/2020
12. Siaya County Executive -2019/2020
13. Vihiga County Executive -2019/2020
14. Wajir County Executive -2019/2020
15. Tana River County Executive -2018/2019

<u>County Assemblies</u>

1. Isiolo County Assembly -2019/2020
2. Kiambu County Assembly -2019/2020
3. Kitui County Assembly -2019/2020
4. Marsabit County Assembly -2019/2020
5. Narok County Assembly -2019/2020
6. Nyamira County Assembly -2019/2020
7. Trans Nzoia County Assembly -2019/2020
8. West Pokot County Assembly -2018/2019
9. West Pokot County Assembly -2019/2020
10. Muranga County Assembly -2019/2020

5. Any Other Business
   Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/394/2023 CONFIRMATION OF PREVIOUS MINUTES

The Minutes of the following Meetings were confirmed as a true record of the proceedings of those meetings after being proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Methu John Muhia, MP:

1. Minutes of the 22nd Meeting held on 7th March 2023 with Tharaka Nithi County Executive

2. Minutes of the 19th Meeting held on 28th February 2023with Homa Bay County Executive
3. Minutes of the 7th Meeting held on 7th February 2023 with Kakamega County Executive
4. Minutes of the 33rd Meeting held on 20th April 2023 with Kirinyaga County Executive
5. Minutes of the 48th Meeting Held on 13th June 2023 with Makueni County Executive
6. Minutes of the 49th Meeting held on 15th June 2023 with Meru County Executive
7. Minutes of the 23rd Meeting held on 13th March 2023 with Bomet County Executive
8. Minutes of the 38th Meeting held on 17th May with Muranga County Executive

MIN/SEN/CPAC/395/2023 CONSIDERATION AND ADOPTION OF REPORTS OF THE COMMITTEE

The Secretariat took the Committee through various reports of the entities interrogated by the Committee as follows:

County Executives

1. Tharaka Nithi County Executive - 2019/2020
2. Homa Bay County Executive - 2019/2020
3. Kakamega County Executive - 2019/2020
4. Kirinyaga County Executive - 2019/2020
5. Makueni County Executive -2019/2020
6. Meru County Executive -2019/2020
7. Bomet County Executive - 2019/2020
8. Muranga County Executive -2019/2020

Resolution

The Committee unanimously adopted the following eight (8) reports with amendments for tabling before the Senate;

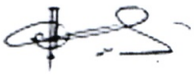
1. Tharaka Nithi County Executive - 2019/2020
2. Homa Bay County Executive - 2019/2020
3. Kakamega County Executive - 2019/2020
4. Kirinyaga County Executive - 2019/2020
5. Makueni County Executive -2019/2020
6. Meru County Executive -2019/2020
7. Bomet County Executive - 2019/2020
8. Muranga County Executive -2019/2020

MIN/SEN/CPAC/396/2023 ANY OTHER BUSINESS

The Committee resolved that going forward, a representative of the Controller of Budget Office be invited to attend meetings of the Committee to respond to issues of budgetary controls in County Governments.

MIN/SEN/CPAC/397/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1.30 p.m. The next meeting would be held on Tuesday, 4th July, 2023 at 2:30 p.m.

SIGNATURE.....  .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....**7th July 2023**.....

MINUTES OF THE TWENTY-SEVENTH (27TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY, 18TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 2.30 P.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/168/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 2:33 pm followed by a word of prayer.

MIN/SEN/CPAC/169/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Homa Bay County Executive;**
    b) **Nyamira County Executive; and**
    c) **Tana River County Executive for 2018/2019 Financial Year.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/170/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Homa Bay County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Nyamira County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Tana River County Executive for Financial Year 2018/2019. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/171/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/172/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 5.48 pm. The next meeting will be by notice.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE...7th July 2023.....

MINUTES OF THE TWENTY-SIXTH (26TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY, 18TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 10.00 A.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili -LRO, OAG

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher

11. Mr. Martin Mulandi - Researcher
12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/163/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 10:07 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/164/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Bomet County Executive;**
    b) **Tharaka Nithi County Executive; and**
    c) **Vihiga County Executive.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/165/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Bomet County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Tharaka Nithii County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Vihiga County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/166/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/167/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1.20 pm. The next meeting would be held on Saturday, 18th March, 2023 at 2:30 p.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....**7th July 2023**.....

MINUTES OF THE TWENTY-FIFTH (25TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON FRIDAY, 17TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 4.00 P.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili -LRO, OAG

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/158/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 4:05 Pm followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/159/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Nyeri County Executive; and**
    b) **Nandi County Executive.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/160/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Nyeri County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Nandi County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/161/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/162/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 6.30 pm. The next meeting would be held on Saturday, 18th March, 2023 at 10:00 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, MP)

DATE.....7th July 2023.....

MINUTES OF THE TWENTY-FOURTH (24TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON FRIDAY, 17TH MARCH 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 10.00 A.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Legislative Relations Officer

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/153/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 10:20 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/154/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
   a) **Narok County Assembly;**
   b) **Kitui County Assembly;**
   c) **Kiambu County Assembly;**
   d) **Isiolo County Assembly; and**
   e) **West Pokot County Assembly**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/155/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY ASSEMBLIES

1. Report on Narok County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Kitui County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Kiambu County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
4. Report on Isiolo County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
5. Report on West Pokot County Assembly for Financial Years 2018/2019 and 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/156/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/157/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 2.15 pm. The next meeting would be held on Friday, 17th March, 2023 at 4:00 p.m.

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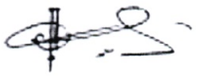

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, MP)

DATE……7th July 2023……

MINUTES OF THE TWENTY-SEVENTH (27TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY, 18TH MARCH 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 2.30 P.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Parliamentary Liaison Officer

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/168/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 2:33 pm followed by a word of prayer.

MIN/SEN/CPAC/169/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Homa Bay County Executive;**
    b) **Nyamira County Executive; and**
    c) **Tana River County Executive for 2018/2019 Financial Year.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/170/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Homa Bay County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Nyamira County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Tana River County Executive for Financial Year 2018/2019. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/171/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/172/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 5.48 pm. The next meeting will be by notice.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE...7th July 2023.....

MINUTES OF THE TWENTY-SIXTH (26TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY, 18TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 10.00 A.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili -LRO, OAG

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
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4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher

11. Mr. Martin Mulandi - Researcher
12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/163/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 10:07 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/164/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Bomet County Executive;**
    b) **Tharaka Nithi County Executive; and**
    c) **Vihiga County Executive.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/165/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Bomet County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Tharaka Nithii County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Vihiga County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/166/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/167/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1.20 pm. The next meeting would be held on Saturday, 18th March, 2023 at 2:30 p.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE TWENTY-FIFTH (25TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON FRIDAY, 17TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 4.00 P.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP - Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili -LRO, OAG

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/158/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 4:05 Pm followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/159/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
    a) **Nyeri County Executive; and**
    b) **Nandi County Executive.**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/160/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY EXECUTIVES

1. Report on Nyeri County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Nandi County Executive for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

MIN/SEN/CPAC/161/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/162/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 6.30 pm. The next meeting would be held on Saturday, 18th March, 2023 at 10:00 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, MP)

DATE.....7th July 2023.....

MINUTES OF THE TWENTY-FOURTH (24TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE HELD ON FRIDAY, 17TH MARCH, 2023 AT FOUR POINTS BY SHERATON, MACHAKOS COUNTY, RUWENZORI CONFERENCE ROOM FROM 10.00 A.M.

PRESENT

1. Sen. Methu John Muhia, MP - **Ag. Chairperson**
2. Sen. Okoiti Andrew Omtatah, MP - Member
3. Sen. Sifuna Edwine Watenya, MP - Member

ABSENT WITH APOLOGY

4. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
5. **Sen. Cherarkey Samson Kiprotich, MP** - **Vice-Chairperson**
6. Sen. Adan Dullo Fatuma, CBS, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member
8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

OFFICE OF THE AUDITOR GENERAL (OAG)

Mr. David Sumaili - Legislative Relations Officer

NATIONAL TREASURY

1. Dr. Jackson Ndung'u - Parliamentary Liaison Officer
2. Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Ms. Emmy Chepkwony - HOD, Governance and Accountability Committees
2. Mr. George Otieno - Principal Clerk Assistant
3. Mr. Joseph Mwangi - Senior Clerk Assistant
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Boniface Kiambi - Clerk Assistant I
6. Mr. Crispus Tima - Clerk Assistant I
7. Mr. Kevin Kibet - Clerk Assistant III
8. Mr. Jackson Wekesa - Legal Counsel
9. Ms. Sharon Rotino - Researcher
10. Mr. Peter Kahindi - Researcher
11. Mr. Martin Mulandi - Researcher

12. Ms. Sakina Halako - DGAC, Secretary
13. Mr. Ibrahim Oruko - Media Relations Officer
14. Mr. James Ngusya - Serjeant-at-Arms
15. Mr. James Kimiti - Audio Officer
16. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/153/2023 PRELIMINARIES AND PRAYERS

The Ag. Chairperson called the meeting to order at 10:20 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/154/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Okoiti Andrew Omtatah, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
2. Adoption of Agenda
3. Consideration of draft reports as per the program;
   a) **Narok County Assembly;**
   b) **Kitui County Assembly;**
   c) **Kiambu County Assembly;**
   d) **Isiolo County Assembly; and**
   e) **West Pokot County Assembly**
4. Any Other Business
5. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/155/2023 CONSIDERATION OF THE AUDIT REPORTS OF COUNTY ASSEMBLIES

1. Report on Narok County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
2. Report on Kitui County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
3. Report on Kiambu County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
4. Report on Isiolo County Assembly for Financial Year 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.
5. Report on West Pokot County Assembly for Financial Years 2018/2019 and 2019/2020. The Committee considered and finalized the report. The Committee resolved to defer its adoption to the next meeting.

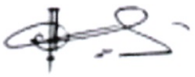
MIN/SEN/CPAC/156/2023 ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/157/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 2.15 pm. The next meeting would be held on Friday, 17th March, 2023 at 4:00 p.m.

SIGNATURE…… ……



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, MP)

DATE……7th July 2023……

MINUTES OF THE THIRTEENTH (13TH) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR ISIOLO COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON THURSDAY, 16TH FEBRUARY, 2023 AT K.I.C.C, SHIMBA HILLS HALL FROM 10:00 A.M.

PRESENT

1.	**Sen. Kajwang' Moses Otieno, MP**	**- Chairperson**
2.	**Sen. Cherarkey Samson Kiprotich, MP**	**- Vice-Chairperson (Chairing)**
3.	Sen. Adan Dullo Fatuma, CBS, MP	- Member
4.	Sen. Mwenda Gataya Mo Fire, MP	- Member
5.	Sen. Methu John Muhia, MP	- Member
6.	Sen. Omar Mariam Sheikh, MP	- Member
7.	Sen. Onyonka Richard Momoima, MP	- Member
8.	Sen. Sifuna Edwine Watenya, MP	- Member

ABSENT WITH APOLOGY

9.	Sen. Okoiti Andrew Omtatah, MP	- Member

IN ATTENDANCE
ISIOLO COUNTY ASSEMBLY

1.	**Hon. Mohamed Roba Koto,OGW**	**- Speaker/Chairperson, County Assembly Service Board (CASB)**
2.	**Mr. Salad Boru Guracha**	**- Clerk of the County Assembly/ Secretary, County Assembly Service Board**
3.	Ms. Rahima Soara	- Head of Finance
4.	Mr. Issadoh Muktar	- Principal Accountant
5.	Mr. Abdi Emo	- Chief Serjeant at Arms
6.	Ms. Hadija Yusuf	- Principal Internal Auditor
7.	Ms. Fatuma Adan	- Deputy Director, Hansard and ICT

OFFICE OF THE AUDITOR GENERAL (OAG)

1.	Mr. David Sumaili	- Parliamentary Liaison Officer
2.	Mr. Meshack Onyango	- Director of Audit
3.	Mr. Mutai Philip	- Deputy Director, Audit
4.	Mr. John Njoroge	- PA, Office of the OAG

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

Dr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Senior Clerk Assistant
2. Mr. Joseph Mwangi - Senior Clerk Assistant
3. Mr. Kevin Kibet - Clerk Assistant
4. Mr. Jackson Wekesa - Legal Counsel
5. Ms. Sharon Rotino - Researcher I
6. Mr. James Ngusya - Serjeant-at-Arms
7. Mr. Ibrahim Oruko - Media Relations Officer
8. Mr. James Kimiti - Audio Officer
9. Mr. Tobias Juma - Intern
10. Ms. Kijala Mwachoni - Pupil, Directorate of Legal Services
11. Ms. Najma Tari - Pupil, Directorate of Legal Services

MIN/SEN/CPAC/76/2023 PRELIMINARIES AND PRAYERS

The Vice-Chairperson called the meeting to order at 10:10 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/77/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by **Sen. John Muhia Methu, MP and seconded by Sen. Onyonka Richard Momoima, MP** as follows;

1. Preliminaries
    a. Prayer
    b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. **Consideration of the Audit Report of Isiolo County Assembly for the financial year 2019/2020; and**
5. Any Other Business
6. Adjournment Date of the next meeting

MIN/SEN/CPAC/78/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of Isiolo County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/79/2023 CONSIDERATION OF THE AUDIT REPORT OF ISIOLO COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

Basis for Qualified Opinion

Audit Query	Concern	Observation and Recommendations
1.0 Unconfirmed Balances		

1.1 Prior Year Adjustments	• Supporting documents for the adjustment amounting to Kshs.5,375,758 were not provided for audit review and as a result, their validity was not confirmed. • The audited financial statements for the year ended 30 June, 2019 reflected a nil balance in respect to the account. • The validity of the adjustment amounting Kshs.27,948,745 reflected in the financial statements for the year under review was not confirmed.	• The OAG informed the Committee that the query was satisfactorily resolved.
1.2 Cash Flows from Operating Activities	• In the audited financial statements for the year, the account reflected a balance of Kshs.409,819,543. The difference of Kshs.825,272 between the two sets of records was not explained. • The accuracy of the statement of cash flows for the year ended 30 June, 2020 could not be confirmed	• The OAG informed the Committee that the query was satisfactorily resolved.
1.3 Pending Bills	• Notes 7.10.1 and 7.10.3 reflect nil balances in respect to pending accounts payables and other pending payables. The Notes indicate that additional information on the bills is reflected in Annex 1 and Annex 3 of the financial statements respectively. However, the two annexures reflect a single balance amounting to Kshs.20,965,903. • Reference to one balance in relation to the two accounts appears to have been made in error.	• The OAG informed the Committee that the query was satisfactorily resolved. • The Committee recommended that Management should budget within its limits as per the PFM regulations to avoid accruing pending bills.

	• In the circumstances, the financial statements may not reflect the true and fair view on pending accounts payables and other pending bills	
2.0 Incomplete Fixed Asset Register	• The actual register does not disclose important information on the assets such as historical cost, condition of the asset, identification by user and location, and the date the asset was acquired. • The disclosures made in respect to the assets are not sufficient and as a result, the accuracy and completeness of the assets owned by the County Assembly as at 30 June, 2020 could not be confirmed. • the assets were not adequately safeguarded from • misplacement or loss	• The OAG informed the Committee that the query was satisfactorily resolved.
Other Matters		
Budget Control and Performance	• Recurrent and development combined for the year ended 30 June, 2020 indicates the County Assembly's final budget for the year totalled Kshs.498,755,158 and actual expenditure Kshs.476,934,097 resulting in under-expenditure of Kshs.21,053,061 or 4% of the budget for the year which management attributed to delay in receipt of voted provisions	• The OAG informed the Committee that the query wa satisfactorily resolved. • The Committee noted that the County Assembly experienced challenges in the disbursement of funds and expressed the need for financial autonomy. • The Committee noted that the Assembly also experienced delay in exchequer releases thus hampering program implementation and budget execution. • The Committee recommended that the National Treasury

		should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
Unbudgeted Payments	• Payments amounting to Kshs.1,000,000 and Kshs.500,000 were paid to the County Assembly Forum (CAF) and The Society of Clerks at the Table (SOCATT) respectively. • There was no evidence to confirm that the payments were included in the budget for the year under review • the validity of the payments totalling Kshs.1,500,000 could not be confirmed	• The Auditor indicated that the matter was still outstanding. • The Committee noted that the payment was irregular since the forum is not legally established. • The Committee recommended that there is need for regularization of CAF and the SOCATT and there is a need to make necessary legislations to anchor the bodies in law. • The Committee noted that the County Assembly violated the section 196 and 197 of the PFM Act 2012. • The Auditor informed the Committee that the irregular payments to CAF and SOCATT has been happening in subsequent years. • The Committee informed the management to provide a written justification to the Committee for making the payments in the seven (7) days). • The Committee shall make a determination on this matter during its report writing.
Failure to Prepare Quarterly Financial Reports	• Management did not prepare quarterly financial and other operational reports during the year under review • Management did not fulfil all accountability reporting requirements set in law.	• The Auditor informed the Committee that the matter was still outstanding. • The Committee noted that the County Assembly did not prepare, publish and publicize quarterly financial reports as required by Section 166 of the Public Finance Management Act 2012. • The Committee further noted the failure of the County Assembly to submit

		documents to the Auditor General. • The committee directed that, within (7) days, the management to submit to the auditors quarterly financial reports and the auditors to forward them to the Committee within the seven (7) days of receipt of the documentation.
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE		
Lack of an Information, Communication and Technology (ICT) Policy	• Management had not established and documented a policy on investment and use of the ICT resources of the County Assembly • The approved organizational structure for the ICT Unit was not provided for audit review. • The County Assembly's ICT resources are unlikely to be used optimally. In addition, controls and risks in use of the resources, including data security and disaster recovery plans may not be effective	• The OAG informed the Committee that the query was resolved and the response was satisfactory.
Lack of an Audit Committee	• Management has not established an Audit Committee to provide oversight on the financial and other operations of its financial affairs as required in Section 167(1) of Public Finance Management (County Governments) Regulation, 2015. • Management is in breach of the law.	• The OAG informed the Committee that the query was resolved. • The Committee underscored the importance of Audit Committees. The Auditor General was asked by the Committee to monitor the status of the Audit Committee

MIN/SEN/CPAC/80/2023 **ANY OTHER BUSINESS**

The Committee expressed its desire to regularize the process of ensuring County Assemblies' financial autonomy through various legislations to safeguard it from interference by the by the County Executive and also facilitate its seamless operations.

MIN/SEN/CPAC/81/2023 **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 12:24 pm. The next meeting would be held on Monday, 20th February, 2023 at 9:30 am.

Signed:…… **…….....**

SEN. KAJWANG' MOSES OTIENO, MP

(CHAIRPERSON, COUNTY PUBLIC ACCOUNTS COMMITTEE)

Date:.7th July 2023 .....

MINUTES OF THE NINTH, 9TH (A) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR KIAMBU COUNTY ASSEMBY FOR FINANCIAL YEAR 2019/2020 HELD ON THURSDAY, 9TH FEBRUARY, 2023 AT K.I.C.C, SHIMBA HILLS HALL FROM 10:00 A.M.

PRESENT

1.	**Sen. Methu John Muhia, MP**	**- Sub-Committee Ag. Chairperson**
2.	Sen. Omar Mariam Sheikh, MP	- Member

ABSENT WITH APOLOGY

1.	Sen. Onyonka Richard Momoima, MP	- Member
2.	Sen. Sifuna Edwine Watenya, MP	- Member
3.	**Sen. Kajwang' Moses Otieno, MP**	**- Chairperson**
4.	**Sen. Cherarkey Samson Kiprotich, MP**	**- Vice-Chairperson**
5.	Sen. Adan Dullo Fatuma, CBS, MP	- Member
6.	Sen. Mwenda Gataya Mo Fire, MP	- Member
7.	Sen. Okoiti Andrew Omtatah, MP	- Member

IN ATTENDANCE
KIAMBU COUNTY ASSEMBLY

1.	**Hon. Charles M. Thiong'o**	**- Speaker/Chairperson, County Assembly Service Board (CASB)**
2.	Mr. John Mutie	- County Assembly Clerk
3.	Hon. Eric Ndung'u	– Vice-Chairperson, CASB
4.	Mr. Joachim Njama	- Member of the CASB
5.	Mr. Ngure David	– Deputy Clerk
6.	Mr. James Kamau	- Director, Procurement
7.	Ms. Sarah Kiruki	- Director, Finance
8.	Mr. Richard Mbugua	- Speaker's Personal Assistant
9.	Mr. Daniel Kagwanja	- Accounts Officer
10.	Ms. Maureen Njambi	- Accounts Officer
11.	George Macharia	– Serjeant at Arms

OFFICE OF THE AUDITOR GENERAL (OAG)

1.	Mr. Muigai Ikame	- Nairobi Region Audit Office
2.	Mr. Samuel Obonyo	- Nairobi Region Audit Office

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Evah Wacuka - Parliamentary Liaison Officer

National Treasury

Dr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Senior Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant
3. Ms. AnneMary Opola - Legal Counsel
4. Ms. Sharon Rotino - Researcher I
5. Mr. Hussein Salat - Fiscal Analyst
6. Mr. Benard Marwara - Serjeant-at-Arms
7. Mr. Ibrahim Oruko - Media Relations Officer
8. Mr. James Kimiti - Audio Officer
9. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/41/2023 PRELIMINARIES AND PRAYERS

The Sub-Committee Ag. Chairperson called the meeting to order at 10:18 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/42/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Omar Mariam Sheikh, MP and seconded by Sen. Methu John Muhia, MP as follows;

1. Preliminaries
   a. Prayer
   b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Meeting with the County Assembly of Kiambu to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2019/2020; and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/43/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of Kiambu County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/44/2023 CONSIDERATION OF THE AUDIT REPORT OF KIAMBU COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

Basis for Qualified Opinion

Audit Query	Concerns	Observation and Recommendations
1. Fixed Assets	• Examination of asset records revealed that the County	• The Auditor indicated that the matter of fixed assets

	Assembly did not update the fixed assets register during the year under review in spite expenditure records and the statement of receipts and payments indicating that assets costing Kshs.51, 674,860 were bought in the year. • In addition, the actual assets register did not indicate the value of assets, their dates of acquisition and condition as at 30 June, 2020. • Further, some of the assets were not tagged to indicate their users and location, among other details. • The accuracy and completeness of the fixed assets balance totalling Kshs.573, 144,625 as at 30 June, 2020 could not be confirmed. In addition, the assets were at risk of misplacement and loss.	register had been satisfactorily resolved. • However, tagging of assets belonging to Kiambu County Assembly was partially addressed. • The Committee asked the Auditor to interrogate further the matter in subsequent audits and revert on the status.
Key Audit Matters **Other Matter**		
1.0 Overall Budget performance	• The County Assembly did not utilize the approved development vote and as a result, none of the development projects planned for the year were executed. Management did not provide a satisfactory explanation for the anomaly. • Failure to implement planned development projects is likely to constrain the capacity of the County Assembly to fulfil its legislative and oversight mandate in the future.	• The Auditor informed the Committee that the County Assembly addressed the matter satisfactorily. • The Committee noted that the information was not provided by the Management at the time of audit. • The Committee directed that the Auditor submits to it supportive documentation within 14 days/two (2) weeks.
2.0 Pending Bills	• Delay in paying for goods and services slows down economic activity and may	• The Auditor indicated that the matter was still outstanding.

	discourage the private sector from trading with public entities. • Payment of the bills may adversely affect the provisions for the subsequent year to which they have to be charged	• The Committee asked the Auditor to interrogate further the matter in subsequent audits and revert on the status.
3.0 Prior Year Matters	• The audit report for the previous year highlighted several issues raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, contrary to the reporting format prescribed by the Public Sector Accounting Standards Board, the Management has not annexed to the financial statements a report on progress made in resolving the issues	• The Auditor indicated that the matter was still outstanding. • The Committee asked the Auditor to interrogate further the matter in subsequent audits and revert on the status

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1.0 Irregular expenditure 1.1 Subscription to Speaker's Forum	• The County Assembly had not established guidelines or regulations on payment of subscriptions fees of Kshs.500, 000 to Society of Clerks at the Table (SOCATT) forum which is not recognized in law as qualified to receive grants drawn from public funds. • As a result, the payment was irregular	• The Auditor indicated that the matter was still outstanding. • The Auditor noted that they will interrogate further the matter in subsequent audits and revert on the status • The Committee shall make a determination on this matter during its report writing
1.2 Salaries for Ward Offices Staff	• Kshs.32,880,330 was spent on payment of salaries to one hundred and seventy-nine (179) Ward Office staff employed on a one-year	• The Auditor indicated that the matter was still outstanding since there is insufficient information

	contract for the period between 1 July, 2019 up to 30 June, 2020. • Some of the employees had not signed employment contracts contrary to the provisions of Section 9 (2) of the Employment Act, 2007 which requires employers to draw the contracts and have these consented to by employees. • The regularity of the expenditure totalling Kshs.32,880,330 could not be confirmed	regarding the signed contracts. • The Committee directed that the Kiambu County Assembly submits to it and the Auditor supportive documentation within 14 days/two (2) weeks.
1.3 Rent for ward offices	• No records were provided for audit to show how rental payments for Ward Offices totalling Kshs.11, 362,974 were determined. • The validity and value for money on the expenditure could not be confirmed	• The Auditor indicated that the matter was still outstanding. The county assembly had not provided justification for using direct procurement method. • The committee directed that Management should follow the law in Procuring offices. • The Committee resolved to use written responses from management and make a determination during its report writing.
1.4 Transport Allowances	• Domestic travel and subsistence records indicated that Members of the County Assembly and staff were paid transport allowances totalling Kshs.13,046,000 while attending meetings in various locations in the Country. • The rates were not supported by any authority, or approval from the Salaries and Remuneration Commission. Management had in June,	• The Auditor indicated that the matter was still unresolved. • The Committee asked the Auditor General to interrogate further the matter in subsequent audits and revert on the status

	2016 written to the Commission seeking permission to adopt the rates, no record was provided to indicate that the rates were approved. • the expenditure totalling Kshs.13,046,000 was irregular	
2.0 Lack of Ethnic Diversity in Staff Establishment	The County Assembly had eighty-one permanent employees. Sixty-seven, or 82.7% of the staff were members of the dominant ethnic Community in the County contrary to the provisions of Section7 (2) of the National Cohesion and Integration Act, 2008 which requires staff in public entities to represent the diversity of the people of Kenya	• The Auditor indicated that the matter was still unresolved • The Committee resolved to use written responses from management and make a determination during its report writing.

MIN/SEN/CPAC/45/2023 ANY OTHER BUSINESS

1. The Committee asked the Speaker to build the capacity of the Members of the Kiambu County Assembly Public Accounts Committee (PAC) by facilitating their benchmarking in the Senate.
2. The Committee expressed its desire to regularize the process of making the County assembly autonomous to avoid scuffling of operations by the county executive.
3. The County Assembly requested for the input of the Senate in regularizing the process of legalizing forums such as
4. County Assemblies Forum (CAF) and the Society of Clerks at the Table (SOCATT).

MIN/SEN/CPAC/46/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 1.05 pm. The next meeting would be held on Monday, 13th February, 2023 at 10:00am.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....



MINUTES OF THE NINTH 9TH (B) SITTING OF THE COMMITTEE ON COUNTY PUBLIC ACCOUNTS TO CONSIDER AUDIT REPORT FOR KITUI COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON THURSDAY 9TH FEBRUARY, 2023 AT K.I.C.C, FIRST FLOOR BOARDROOM AT 10:00 A.M.

PRESENT

1. **Sen. Cherarkey Samson Kiprotich, MP** - **Vice-Chairperson-Chairing**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Mwenda Gataya Mo Fire, MP - Member

ABSENT WITH APOLOGY

1. Sen. Onyonka Richard Momoima, MP - Member
2. Sen. Sifuna Edwine Watenya, MP - Member

IN ATTENDANCE

KITUI COUNTY ASSEMBLY

1. Hon. Kevin Kinengo Katisya -**Speaker/Chairman, County Assembly Service Board (CASB)**
2. Hon. Mathew Ngovi Vuthi -Vice Chair, CASB
3. Hon. Gabriel N. Munyao - Chair, PAIC
4. Hon. David M. Munyao -Vice Chair, PAIC
5. Mr. Elijah Mutambuki -Clerk
6. Mr. Augustus Kyenze -Principal Finance Officer
7. Mr. Daniel Mitau - Internal Auditor
8. Mr. Joshua Muimi - P.A to the Speaker

SENATE SECRETARIAT

1. Mr. Joseph Mwangi - Senior Clerk Assistant
2. Mr. Crispus Tima - Clerk Assistant I
3. Mr. Mitchell Otoro - Legal Counsel
4. Mr. Peter Katana - Research Officer III
5. Mr. Martin Mulandi - Research Officer III

OFFICE OF THE AUDITOR GENERAL

1. Mr. David Sumaili -Parliamentary Liaison Officer
2. Ms. Gladys Maina -Auditor Lower Eastern Region
3. Mr. Evans Ondari - Auditor Lower Eastern Region

NATIONAL TREASURY

Dr. Jackson Ndungo - Parliamentary Liaison Officer

MIN/SEN/CPAC/47/2023- PRELIMINARIES

The meeting was called to order at 10:29 am and the Chairperson, led in a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/48/2023- ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Cherarkey Samson Kiprotich, MP as follows;

1. Preliminaries
    a. Prayer
    b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. Meeting with the County Assembly of Kitui to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2019/2020
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/49/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of the County Assembly of Kitui took Oath of Witness and the Clerk tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/50/2023 CONSIDERATION OF THE AUDIT REPORT OF THE COUNTY ASSEMBLY OF KITUI FOR THE FINANCIAL YEAR 2019/2020

Basis for Qualified Opinion for the Financial Year 2019/2020

Audit Query	Concern	Observation and Recommendations
1. Variances Between Financial Statements and IFMIS Balances	The balances reflected in the financial statements for the year ended 30 June, 2020 were at variance with Integrated Financial Management Information System (IFMIS) trial balance. The accuracy, validity and completeness of the balances as reflected in the financial statements could not be confirmed.	• The reconciliations of financial statements done to be availed to the auditors for verification. • The ICPAK Numbers of the recruited finance officers be provided to the auditors for verification • The Committee observed that there was no administrative action taken against officers responsible for not reconciling the accounts in time. • The County Assembly was given two (2) weeks to reconcile their accounts with the Auditor General.
2. Unsupported Remuneration of Ward Offices Staff	The expenditure of Kshs.47,215,307 was incurred	The Auditor General confirmed that the query had been

	on salaries and allowances for staff employed in the forty (40) Ward Offices across the County. However, supporting documents indicating how the officers were recruited and their terms of service determined, were not provided for audit review. Under the circumstances the accuracy, completeness and validity of the expenditure of Kshs.47,215,307 incurred on ward offices employees could not be confirmed.	satisfactorily addressed.
3.Unsupported Payments for Communication Services	A formal contract agreement stipulating the terms and conditions of services was not provided for audit review. This was contrary to Section135(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the existence of a contract shall be confirmed through the signing of a contract document incorporating all agreements between the parties. Under the circumstances the accuracy, completeness and validity of the expenditure of Kshs.817,368 incurred on internet connectivity services could not be confirmed.	• The Members observed that the contract was not dated and the Assembly was reprimanded for the anomaly. • The Auditor General confirmed that the query was addressed satisfactorily and the matter stands resolved. • The Committee directed that the signed and dated contract be availed to the Auditor General and CPAC within two weeks.
4. Ward Operational Expenses	An amount of Kshs.100,000 was paid monthly to each of the forty (40) wards to cater for costs of assembling County residents and for general ward offices expenses. Supporting documents for the Kshs.100,000 monthly allocation were not provided for audit review. The accuracy and validity of the expenditure of Kshs.50,497,600 incurred on wards' operational expenses could not be confirmed.	• The Auditor General confirmed that the query had since been satisfactorily addressed.
OTHER MATTER		
Unresolved Prior Year Matters	Various prior year audit issues remained unresolved as at 30 June, 2020. Management has indicated that the issues have	The Committee resolved to use written responses from management and make a determination during its report

	been responded to. However, the matters have remained unresolved as the Senate has not met to deliberate on the same.	writing.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURES

1.Irregular Payment of Penalties and Interest	No explanation was provided for failure to remit the PAYE deductions to the Kenya Revenue Authority as required by Section 130 of the Income Tax Act which states Pay As You Earn deducted from employees' earnings should be remitted by the tenth day of the month following the deductions. The Management is in breach of the law	The Auditor General confirmed that the query had been addressed satisfactorily.
2. Irregular Payment to County Assemblies Forum (CAF)	CAF is not an establishment under the law and therefore the basis for making the payment could not be ascertained. The propriety and validity of the expenditure of Kshs.4,488,800 could not be confirmed.	• Members observed that County Assemblies Forum (CAF) is not established in law and therefore the payments made to it were illegal. • The Assemblies to pursue regularization of CAF through established legal channels.
3. Non-Compliance with the One Third of Basic Salary Rule	Section 19(3) of the Employment Act, 2007 which states that the total deductions made by an employer from the wages of their employees at any one time should not exceed two thirds of such wages. Management was in breach of the law, to this extent.	The Auditor General confirmed that the query had been addressed satisfactorily.
4. Staff Ethnic Composition	One hundred and thirty-one (131) or 95% of the employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community.	• The County Assembly indicated that it had recruited a few staff from other communities. • The County assembly also indicated that it had employed minorities, people living with disabilities (PWDs) and compliant with gender balance.

	Management was in breach of the law, to this extent.	• The Committee directed that within fourteen (14) days, the Assembly provides data on staff composition and samples of job advertisements made on national media including websites, longlists and shortlists of applicants. •

REPORT ON INTERNAL CONTROLS, EFFECTIVENESS, RISK MANAGEMENT AND GOVERNANCE

1. Inactive Audit Committee	The Audit Committee was dormant contrary to 172(1) of Public Finance Management (County Governments) Regulations, 2015 which requires the Audit Committee to meet at least once in every three months. and therefore the expected assurance on risks management and internal controls was not realized.	• Members were informed that the Audit Committee had been inaugurated and its work plan had been approved by the County Assembly Service Board. • The Committee underscored the importance of Audit Committees. The Auditor General was asked by the Committee to monitor the status of the Audit Committee and report to CPAC within seven (7) days. • The Auditor confirmed having received only one set of minutes and an attendance register of the Audit Committee for January 2021.
2. Internal Audit Function	The internal audit function reports functionally to the Clerk who is the Accounting Officer of the County Assembly thereby impairing its independent. This is contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015 that stipulates that the Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Accounting Officer to ensure	The Auditor General was to monitor the operations of the Internal Audit function and report within two weeks.

	operational independence. The independence of the internal audit function and its ability to provide effective oversight over the operations of the County Assembly is in doubt.	
3. Lack of Risk Management Policy and Disaster Recovery Plan	The County Assembly did not have a Risk Management Policy, and Disaster Recovery and Business Continuity Plan in place during the year under review. Under the circumstances, the County Assembly may be exposed to risk of loss of critical information assets in an event of a disaster.	• Formulation of the Risk Policy had been advertised in February 2023. • The Committee was informed by the Auditor General that the Matter remained outstanding. • The Committee resolved to use written responses from management and make a determination during its report writing.

MIN/SEN/CPAC/51/2023- ANY OTHER BUSINESS

There was no other business.

MIN/SEN/CPAC/52/2023- ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12.06 p.m. The next meeting would be held on Monday, 13th February, 2023 at 10:00 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE FORTY THIRD (43RD) (A) SITTING OF THE COMMITTEE ON COUNTY PUBLIC ACCOUNTS TO CONSIDER AUDIT REPORT FOR COUNTY ASSEMBLY OF MARSABIT FOR FINANCIAL YEAR 2019/2020 HELD ON MONDAY, 5TH JUNE, 2023 AT ANNEX II BOARD ROOM, K.I.C.C, AT 2:30 P.M.

PRESENT

1. **Sen. Cherarkey Samson Kiprotich, MP** - **Vice-Chairperson-Chairing**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Onyonka Richard Momoima, MP - Member
4. Sen. Omar Mariam Sheikh, MP - Member

IN ATTENDANCE

MARSABIT COUNTY ASSEMBLY

1. Hon. Edin Wario -**Speaker/Chairman, County Assembly Service Board (CASB)**
2) Hon. Leakono Bernard -Leader of Majority
3) CPA Chare Mato -County Assembly Clerk
4) Mr. Adan Katello -Head of Procurement
5) CPA Lasam Adisomo -Head of Finance
6) Mr. Jarso Roba -Director HRM
7) CPA Fredrick Injela -Head of Accounts

SENATE SECRETARIAT

1. Mr. Crispus Tima -Clerk Assistant I
2. Mr. Jackson Wekesa -Legal Counsel II
3. Mr. Peter Katana - Research Officer III
4. Mr. Charles -Audio

OFFICE OF THE AUDITOR GENERAL

Mr. George Onkundi - Deputy Director Audit

MIN/SEN/CPAC/287/2023- PRELIMINARIES

The meeting was called to order at 2:30 pm and the Chair led in a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/288/2023- ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Omar Mariam Sheikh, MP as follows;

1) Preliminaries

a. Prayer
b. Introductions

2) Adoption of Agenda
3) Administration of Oath
4) **Meeting with the County Assembly of Marsabit to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2019/2020; and**
5) Any Other Business
6) Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/289/2023- ADMINISTRATION OF OATH

The Speaker and Clerk of the County Assembly of Marsabit took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/290/2023- CONSIDERATION OF THE AUDIT REPORT OF THE COUNTY ASSEMBLY OF MARSABIT FOR THE FINANCIAL YEAR 2019/2020

Basis for Qualified Opinion

Audit Query	Concern	Observation and Recommendations
Unsupported Expenditure - Singapore Workshop on Governance and Corruption	An amount of Kshs.6,511,459 paid to Members of the County Assembly (MCAs) and Staff of the County Assembly for attending a workshop on governance and corruption in Singapore for five (5) days. However, the training needs assessment, back to office reports, passports, boarding passes, training programme and evidence of payment to the training institutions were not provided for audit .	• The Committee directed the County Assembly to submit within 14 days to the Auditor for verification evidence of surrender of the imprest for the Singapore Workshop. • The Committee will make a determination on this matter during report writing
Other Matter		
Budgetary Control and Performance	The County Assembly spent Kshs.611,091,586 against an approved budget of Kshs.816,944,722 resulting to an under-expenditure of Kshs.205,853,136 or 25% of the budget. The underfunding and underperformance constrained execution of planned activities and delivery of services to the residents of Marsabit County.	• The Committee noted that the matter was satisfactorily addressed therefore is resolved.
EPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
1. Irregular Payments to County Assembly Forum and	An expenditure of Kshs.1,400,000 was incurred in	• The Committee noted that the bill on financial autonomy of County

Society of Clerks at The Table	respect of membership fees, dues and subscriptions paid to the County Assembly Forum and to the Society of Clerks at The Table (SOCATT). The expenditure of Kshs.1,400,000 was not budgeted for contrary to Section 50 (2) of the Public Finance Management (County Governments) Regulations, 2015	Assemblies was under consideration by the Devolution Committee. • The Committee recommended that the Senate adopt legislation to anchor CAF and SOCCAT.
2. Irregular Recruitment Processes	County Assembly of Marsabit recruited an Audit Committee Chairperson, Audit Committee Members, Internal Auditor, Secretarial Assistant II and support staff. However, out of one hundred (100) applicants for the position of support staff, nineteen (19) applicants were not considered for shortlisting since they come from other counties. This is contrary to Section B.5 of the Public Service Commission Human Resource Policies and Procedure Manuals, 2015. Further, the County Assembly Service Board required the applicants to submit a certificate of clearance from the Ethics and Ant-Corruption Commission, Higher Education Loans Board, Criminal Investigation Department, Credit Reference Bureau, the Kenya Revenue Authority and a certificate of a professional body. However, five (5) successful applicants did not meet the respective criteria	• The Committee directed that the County Assembly: a. Show prove of reprimand to responsible officers who failed to verify possession of the required documents by the applicants b. Provide evidence of possession of the required chapter six documents by the successful applicants at the time of the recruitment in July 2019
3. Unauthorized Overdrawn Imprest Bank Account	Review of bank statements revealed that the account was overdrawn by Kshs.50,520,128 on various dates attracting total bank charges of Kshs.1,260,448. The overdraft was not authorized contrary to Section 119(4) of the Public Finance Management Act, 2012	• The Auditor informed the Committee the matter is adequately responded to. • The Committee directed that the matter be marked as resolved.

4. Irregular Payments for East Africa Local Authorities Sport and Cultural Association Games in Uganda	The expenditure on foreign travel and subsistence includes an amount of Kshs.505,370 paid to one Member of the County Assembly and Assembly staff for attending East Africa Local Authorities Sport and Cultural Association (EALASCA) games in Uganda. Review of the invitation letter revealed that the Kampala City Authority where the EALASCA games were to take place had invited all the speakers, clerks, chairperson of sports Committee and staff Coordinators in the forty-seven (47) county assemblies in Kenya. However, no evidence was provided for audit to confirm that the MCA and the staff were among those who were invited to warrant payments of Kshs.505,370.	• The Auditor informed the Committee the matter is adequately responded to. • The Committee directed that the matter be marked as resolved.

MIN/SEN/CPAC/291/2023- **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 4.20 p.m. The next meeting would be held on Tuesday, 6th June, 2023 at 10:00 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE SEVENTEENTH (17TH) (B) SITTING OF THE COMMITTEE ON COUNTY PUBLIC ACCOUNTS TO CONSIDER AUDIT REPORT FOR COUNTY ASSEMBLY OF NAROK FOR FINANCIAL YEAR 2019/2020 HELD ON THURSDAY 23RD FEBRUARY, 2023 AT K.I.C.C, FIRST FLOOR BOARDROOM AT 10:00 A.M.

PRESENT

1. **Sen. Cherarkey Samson Kiprotich, MP** - **Vice-Chairperson-Chairing**
2. Sen. Adan Dullo Fatuma, CBS, MP - Member
3. Sen. Onyonka Richard Momoima, MP - Member
4. Sen. Omar Mariam Sheikh, MP - Member

IN ATTENDANCE
NAROK COUNTY ASSEMBLY

1. Hon. Davis Dikirr -**Speaker/Chairman, County Assembly Service Board (CASB)**
2. Mr. Joseph Lengeny -County Assembly Clerk
3. Mr. Peter Tianta -Principal Finance Officer
4. Mr. Fred Nchoe -Budget
5. Mr. Collins Saruni - Principal Clerk Assistant
6. Ms. Diana Nkaiwatei - Accountant
7. Mr. Emmanuel Ketere - Principal Supply Chain Officer
8. Ms. Mercy Nashipai -Accountant

SENATE SECRETARIAT

1. Mr. George Otieno -Senior Clerk Assistant
2. Mr. Crispus Tima - Clerk Assistant I
3. Mr. Jackson Wekesa - Legal Counsel II
4. Mr. Peter Katana - Research Officer III
5. Mr. Charles - Audio
6. Mr. Bernard Marwara - Serjeant-At-Arms

OFFICE OF THE AUDITOR GENERAL

Mr. George Onkundi -Deputy Director Audit

MIN/SEN/CPAC/106/2023- PRELIMINARIES

The meeting was called to order at 10:53 am and the Chair led in a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/107/2023- ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Adan Dullo Fatuma, CBS, MP and seconded by Sen. Omar Mariam Sheikh, MP as follows;

1. Preliminaries
    a. Prayer
    b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Meeting with the County Assembly of Narok to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2019/2020; and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/108/2023- **ADMINISTRATION OF OATH**

The Speaker and Clerk of the County Assembly of Narok took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/109/2023- **CONSIDERATION OF THE AUDIT REPORT OF THE COUNTY ASSEMBLY OF NAROK FOR THE FINANCIAL YEAR 2019/2020**

Basis for Qualified Opinion for the Financial Year 2019/2020

Audit Query	Concern	Observation and Recommendations
1. Fixed Assets	The financial statements reflects assets with a historical cost of Kshs.127,612,045. However, the balance includes buildings and structures valued at Kshs.81,306,051 built on land of undetermined value which is not owned by the County Assembly. Under the circumstances, the value of assets of Kshs.127,612,045 for the year ended 30 June, 2020 could not be confirmed as fairly stated.	• The Auditor informed the Committee that the title to the land has since been secured in the name of the County Assembly therefore the matter was resolved. • The County Assembly upon securing the title requested the County Executive to pay rent for the offices they occupy.
2. Unsupported Pending Bills	Individual suppliers' files, Acceptance and Inspection Committee minutes and creditors aging analysis were not provided for audit review. Under the circumstances, the accuracy and validity of the pending bills of Kshs.45,450,446 for the year ended 30 June, 2020 could not be confirmed.	• The Auditor informed the Committee that the matter was unresolved. • The Committee directed that the County Assembly provide to the auditor all documents relating to the pending bills for verification. • The Committee will make a determination on this matter during report writing.
3. Omitted Prior Year Balance	An amount of Kshs.198,499 in respect of transfers to other Government entities. The resultant difference of	• The auditor informed the Committee that the matter was resolved.

	Kshs.198,499 was not explained or reconciled.	
4. Unsupported Expenditure on Use of Goods and Services	The accuracy and propriety of expenditure totalling Kshs.177,674,908 incurred on travel and subsistence allowances and rentals of produced assets could not be confirmed.	• Expenditure on rental of produced assets amounting to Ksh. 6,300,000 was resolved. • The Committee directed that the County Assembly provide approvals for travel, attendance registers and requests for invitations to the auditor for verifications within seven days. • The Committee will make a determination on this matter during report writing.
EPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES **asis for Conclusion**		
1. Procurement Budget Allocations	During the financial year the Management did not allocate thirty per cent (30%) of the procurements to women, youth, persons with disabilities and other disadvantaged groups contrary to the provisions of Section 53(6) of the Public Procurement and Asset Disposal Act, 2015. The Assembly was therefore, in breach of the law.	• The auditor informed the Committee that the matter was unresolved. • The Committee directed the County Assembly to provide within seven days to the auditor measures it has taken to ensure compliance with 30% on procurements. • The Committee will make a determination on this matter during report writing.
2.1 Payments of Staff Outside IPPD	As reported in the previous year, examination of the payroll revealed that the County Assembly of Narok incurred a net salary of Kshs.150,249,096 out of which Kshs.85,728,516 or 57% was paid outside the IPPD System.	• The auditor informed the Committee that the matter was resolved.
2.2 Staff Ethnic Composition	As reported in the previous year, the list of ethnic composition of the staff of County Assembly of Narok was not provided for audit. It was therefore not possible to confirm whether County Assembly of Narok complied with Section 7(2) of the National Cohesion and Integration Act, 2008	• The Committee noted that the provisions of Section 7(2) of the National Cohesion & Integration Act 2008 were difficult to implement in County Governments. • The Committee applauded the County Assembly for the achieved level of staff ethnic composition. • The Committee resolved that the matter was adequately addressed.

EPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE		
Lack of Audit Committee	The County Assembly had not constituted an Audit Committee, contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires each public entity to establish an Audit Committee.	• The Auditor informed the Committee that the matter was resolved. • The Committee directed that the Auditor verify progress on the Audit Committee and report on status.

MIN/SEN/CPAC/110/2023- **ANY OTHER BUSINESS**

There was no other business.

MIN/SEN/CPAC/111/2023- **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 1.05 p.m. The next meeting would be held on Monday, 27th February, 2023 at 10:00 a.m.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....



MINUTES OF THE FORTY SECOND (42ND) (A) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR NYAMIRA COUNTY ASSEMBY FOR FINANCIAL YEAR 2019/2020 HELD ON MONDAY, 5TH JUNE, 2023 AT K.I.C.C, SHIMBA HILLS HALL FROM 10:00 A.M.

PRESENT

1.	**Sen. Kajwang' Moses Otieno, MP**	**- Chairperson**
2.	**Sen. Cherarkey Samson Kiprotich, MP**	**- Vice-Chairperson**
3.	Sen. Mwenda Gataya Mo Fire, MP	- Member
4.	Sen. Methu John Muhia, MP	- Member
5.	Sen. Omar Mariam Sheikh, MP	- Member
6.	Sen. Onyonka Richard Momoima, MP	- Member
7.	Sen. Sifuna Edwine Watenya, MP	- Member

ABSENT WITH APOLOGY

8.	Sen. Adan Dullo Fatuma, CBS, MP	- Member
9.	Sen. Okoiti Andrew Omtatah, MP	- Member

IN ATTENDANCE
NYAMIRA COUNTY ASSEMBLY

1.	**Hon. Enock Okero**	**- Speaker/Chairperson, County Assembly Service Board (CASB)**
2.	Mr. Daniel Orina	- County Assembly Clerk
3.	Mr. Duke Onyari	- Deputy Clerk
4.	Mr. Leonard Nyamasege	- Diirector Finance
5.	Hon. Vincent Benecha	- Member County Assembly
6.	Hon. Elijah Osiemo	- Member County Assembly
7.	Hon. Ken Nyamweno	- Member County Assembly
8.	Hon. Julius Matwere	- Member County Assembly
9.	Hon Geroge Aboga	- Member County Assembly
10.	Hon Samson Obwaya	- Member County Assembly
11.	Mr. Joel Omborsi	- Vice Chair CASB
12.	Mr. Lameck Onyancha	- Member CASB
13.	Mr. Alloice King'ala	- Director Supply Chain Management
14.	Mr. Gisesa Michael	- Director HR & Admin
15.	Ms. Valerie Ogachi	- Dept Director Supply Chain Managemnt
16.	Ms. Evelyne Kiragu	- Accountant

17. Mr. Gilbert Onduko - Payroll Manager
18. Ms. Joyce Onyiego - Internal Auditor
19. Mr. Mwamba Mokaya - Auditor

OFFICE OF THE AUDITOR GENERAL (OAG)

1. Mr. David Sumaili - Parliamentary Liaison Officer
2. Mr. Wilson Maiyo - Director of Audit

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Evah Wacuka - Parliamentary Liaison Officer

THE NATIONAL TREASURY

Mr. Cyrus Munyua - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Principal Clerk Assistant
2. Mr. Crispus Tima - Clerk Assistant I
3. Mr. Kevin Kibet. - Clerk Assistant III
4. Mr. Salat Hussein - Fiscal Analyst
5. Mr. Gilbert Juma - Legal Counsel II
6. Mr. Martin Mulandi - Research Officer III
7. Mr. Peter Katani - Research Officer III
8. Mr. Ibrahim Oruko - Media Relations Officer
9. Mr. James Ngusya - Serjeant-at-Arms
10. Mr. William Zenton - Audio Officer

MIN/SEN/CPAC/275/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 3:01 pm followed by a word of prayer. Thereafter introductions followed

MIN/SEN/CPAC/276/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, MP and seconded by Sen. Richard Onyonka, MP as follows;

1) Preliminaries
    a. Prayer
    b. Introductions
2) Adoption of Agenda
3) Administration of Oath
4) **Brief on the Audit Report of the Financial Statements of the County Assembly of Nyamira for Financial Year 2019/2020 (Committee Paper No. 14B).**
5) **Meeting with the County Assembly of Nyamira to interrogate the Report of the Auditor General on the Financial Statements for the Financial Year 2019/2020; and**
6) Any Other Business
7) Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/277/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of Nyamira County Assembly took Oath of Witness and tabled the

Management responses and supporting documents for the financial year (FY) 2019/2020.

MIN/SEN/CPAC/278/2023 **CONSIDERATION OF THE AUDIT REPORT OF NYAMIRA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020**

Basis for Qualified Opinion

Audit Query	Concerns	Observation and Recommendations
1.0 Budgetary Control and Performance	• The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 reflects budgeted and actual receipts on comparable basis totalling Kshs.5,733,101,393 and Kshs.661,145,614 respectively, resulting to a shortfall of Kshs.51,961,896 or 7% of the budget. In addition, expenditure records indicate that the County Assembly spent Kshs.662,420,112 against an approved budget of Kshs.713,107,510 resulting to an under-expenditure of Kshs.50,687,398 or 7% of the budget.	• The OAG informed the Committee that the query was satisfactorily resolved.
2.0 Pending Bills	Note 7.10(1) - other disclosures to the financial statements reflects pending account payables totalling Kshs.20,899,580 as at 30 June, 2020.	e Committee noted that ffailure to settle bills during the year in which they occur distorts the financial statements for that year and adversely affects provisions for the subsequent year to which the bills have to be charged.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
1.0 Acquisition of Assets **1.1 Delay in Construction of Office Building**	Expenditure records examined indicated that the Management paid Kshs.33,207,798 to a contractor hired to build a six-floor office building for Members of the County Assembly and staff. The contract valued at Kshs.367,000,000 was to be executed in one hundred	• The OAG informed the Committee that the matter had not been resolved. • The Committee observed that the offices may take longer than expected to be completed and will therefore delay optimal service delivery and value for money expected of the Project.

	fifty-six (156) weeks, or three years from 13 June, 2018 to 13 June, 2021. • The work schedule had indicated that the contractor would be building the fifth floor by December, 2020. However, inspection carried out during the course of the audit indicated that construction works had only been done up to the second floor. Further, the contractor was not on site and no satisfactory explanation was provided by Management for his absence.	• The Committee directed the assembly, to within 14 days, provide to the auditor a report from the National Construction Authority allowing the project to continue.
1.2 Delayed Completion of Car Park and Related Works	Expenditure records examined indicated that a sum of Kshs.5,003,148 was paid to a contractor hired to build a car park, perimeter fence, access road, gate and gate-house under a contract valued at Kshs.27,625,516. The contract agreement was signed on 24 June, 2016 and was to be executed in six months up to 24 December, 2016. However, by December, 2020, four years after the end of the contract period, substantial works on the perimeter fence were yet to be done. No adequate explanation was provided by Management for the delayed execution of the project.	• The OAG informed the Committee that the query was satisfactorily resolved
2.2 Irregular Salary Deductions	Examination of payroll records indicated that salaries paid to eight (8) employees were below one-third of their respective net salaries. Salary deductions were therefore made contrary to Section 19(3) of the	• The OAG informed the Committee that the query was satisfactorily resolved

	Employment Act, 2007 which prohibits deductions in excess of two-thirds of an employee's net salary.	
2.3 Extended acting Appointment	Personnel records examined indicated that the Clerk to the County Assembly was appointed on 3 April, 2018 in an acting capacity. At the time of the audit in December, 2020, he had been acting for thirty-three (33) months	• The OAG informed the Committee that the query was satisfactorily resolved.
2.4 Appointment of Unqualified Staff	Examination of the staff records indicated that four1 (4) officers namely, Director of Internal Audit, Director Legal Research, Director Human Resources and Director Library Services, did not meet the minimum professional requirements for their respective positions as set out in the County Assembly's Scheme of Service. Further, there was no evidence that suitability tests or interviews were carried out to assess whether the officers had the skills and competencies required to serve in their respective positions.	• The Auditor informed the Committee that the matter was still outstanding. • The Management indicated that the Director Legal Research had a Bachelor in commerce. The Director Human Resources had a Bachelor in Education, Director Library Services had a bachelor in Human Resource and Director of Internal Audit, lacked a CPA-K. • The Management also informed the Committee that they were in the process of reorganizing the establishment. • The OAG informed the Committee that Management had weak Control Systems.
2.5 Unauthorized Positions	A review of the personnel records indicated that only one position for Chief Accountant and Senior Sergeant-at-Arms respectively was provided for in the establishment.	• The Auditor informed the Committee that the matter was still outstanding. • The Committee observed that the Management approved a revised staff Establishment in 2020.

	However, at the time of the audit, each of the two posts had three (3) officers in position and therefore the additional four positions were not authorized.	• Management indicated that they would hire expertise of HR audit firms to guide the process.
2.6 Filled positions not in the Approved staff Establishment	Examination of the County Assembly's Integrated Personnel and Payroll Database (IPPD) for the month of June, 2020 and the approved staff establishment, revealed one hundred and thirty-six (136) filled posts were not in the approved staff establishment.	• The OAG informed the Committee that the query was satisfactorily resolved
2.7 Absence of Ethnic Diversity in Staff Establishment	Examination of personnel records indicated that the County Assembly had 223 employees out of whom 222 or 99.9% were members of the ethnic community dominant in the County. Section 65 (1) of the County Governments Act, 2012 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 in a County.	• The OAG informed the Committee that the matter was still outstanding. • The committee directed that management should progressively employ in a manner that upholds the law.

MIN/SEN/CPAC/279/2023 **ANY OTHER BUSINESS**

There was no any other business.

MIN/SEN/CPAC/280/2023 **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 6.07 pm. The next meeting will be by notice.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE.....7th July 2023.....

MINUTES OF THE TWENTY-NINTH (29TH) (A) MEETING OF THE COUNTY PUBLIC ACCOUNTS SUB-COMMITTEE TO CONSIDER AUDIT REPORT FOR TRANS NZOIA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON THURDSDAY, 23RD MARCH, 2023 AT K.I.C.C, SHIMBA HILLS HALL FROM 10:00 A.M.

PRESENT

1. **Sen. Methu John Muhia, MP** - **Sub-Committee Chairperson**
2. Sen. Sifuna Edwine Watenya, MP - Sub-Committee Member
3. Sen. Okoiti Andrew Omtatah, MP - Member
4. Sen. Kajwang' Moses Otieno, MP - Chairperson
5. Sen. Adan Dullo Fatuma, CBS, MP - Member
6. Sen. Omar Mariam Sheikh, MP - Member
7. Sen. Mwenda Gataya Mo Fire, MP - Member

ABSENT WITH APOLOGY

8. Sen. Onyonka Richard Momoima, MP - Member
9. Sen. Cherarkey Samson Kiprotich, MP - Vice-Chairperson

IN ATTENDANCE
TRANS NZOIA COUNTY ASSEMBLY

1. **Hon. Andrew Mkhisa** - **Speaker**
2. **Hon. Obed Mwale** - **Deputy Speaker**
3. Mr. Moses Lupao - Clerk of Assembly
4. Mr. Dennis Panyako - Fiscal Analyst
5. Mr. Hezron Kiplagat - Finance Officer
6. Mr. Edwin Koech - Majority Leader
7. Mr. Erick Wafula - Minority Leader
8. Mr. Simon Murei - Chairperson CPAC
9. Ms. Betty Mumbore - CASB Member
10. Mr. Andew Weswa -CASB Member

OFFICE OF THE AUDITOR GENERAL (OAG)

1. Mr. David Sumaili - Legilstaive Relations Officer
2. Mr. Peter Oanda - OAG North Rift Region Office

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Eva Wachuka - Parliamentary Liaison Officer

NATIONAL TREASURY

Dr. Jackson Ndungo - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. George Otieno - Senior Clerk Assistant
2. Mr. Joseph Mwangi - Senior Clerk Assistant
3. Mr. Boniface Kiambi - Clerk Assistant I
4. Mr. Jackson Wekesa - Legal Counsel
5. Mr. Martin Mulandi - Researcher I
6. Mr. James Ngusya - Serjeant-at-Arms
7. Mr. Ibrahim Oruko - Media Relations Officer
8. Mr. James Kimiti - Audio Officer
9. Mr. Tobias Juma - Intern
10. Ms. Najma Tari - Pupil

MIN/SEN/CPAC/179/2023 PRELIMINARIES AND PRAYERS

The Committee Chairperson called the meeting to order at 10:23am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/180/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by **Sen. Sifuna Edwin Watenya MP** and seconded by **Sen. Methu John Muhia, MP** as follows;

1. Preliminaries
    a) Prayer
    b) Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Brief on the Audit Report of the Financial Statements of the County Assembly of Trans Nzoia for Financial Year 2019/2020 (Committee Paper No.12A).**
5. **Meeting with the County Assembly of Trans Nzoia to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2019/2020; and**
6. Any Other Business
7. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/181/2023 ADMINISTRATION OF OATH

The Speaker and the Clerk of the County Assembly of Trans Nzoia took Oath of Witness respectively and tabled the Management responses and supporting documents for the financial year 2019/2020.

MIN/SEN/CPAC/182/2023 CONSIDERATION OF THE AUDIT REPORT OF TRANS NZOIA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

Basis for Qualified Opinion

Audit Query	Concerns	Observation and Recommendations
1. Key Audit Matters		
Key Audit Matters Other Matter		
1.0 Budget Control and Performance.	• Failure to absorb the significantly large portion of the item's budget meant that most of the assets needed for the County Assembly's use were not acquired and as a result, its legislative and oversight capabilities may have been inhibited.	• The Auditor indicated that the matter was resolved satisfactorily. • The Committee was informed by the Assembly that there has been late exchequer disbursement by The National Treasury.
2.0 Previous Years' Issues	• Issues highlighted in the report for the previous year have been resolved, or are nearing resolution by Management.	• The Auditor indicated that the Assembly should adhere to the Public Audit Act by showing progressively that the matters raised are resolved. • The Committee advised the Assembly to institute a functional Audit committee.
3.0 Pending Bills	• The Audit report indicates failure by Assembly to pay suppliers of goods and services in time which slows down economic activity and may discourage them from trading with public entities.	• The Auditor indicated that the Assembly have made effort to settle the pending bills however there is a hindrance by a court case on the issue of Car Park. • The Committee noted that the Assembly have been making payments to SOCATT and advised them to cease from such payments since it is unlawful.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Failure to Observe One-Third Salary Deduction Rule	• Analysis of the payroll for permanent employees indicated that, in each month of the year under review, net	• The Auditor indicated that the matter was still outstanding since Assembly did not give a detailed

	monthly salaries for an average of ten (10) officers were less than one third of their respective basic salaries due to deductions for loans and other non-statutory liabilities made on their gross pay.	response on queries of each of the 10 employees. • The Committee noted that shallow response was submitted by the Assembly. • The Committee also noted breach of employment act by the Assembly.
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE		
1.0 Weak Internal Audit Function	• The County Assembly in the year under review operated without an Audit Committee. As a result, the operational independence of the Unit and its effectiveness in monitoring internal control and governance in the County Assembly was doubtful.	• The Auditor indicated that the matter stood resolved satisfactorily as Internal audit unit was constituted and is now reporting to the committee.
2.0 Inadequate Information Technology Management Systems.	• There was no Information Communication Technology Committee to provide guidance and direction on investment and use of ICT resources. Further, there was no policy on back-up of data and documented user-management standards and procedures that defined user-access rights and other important requirements. Consequently, the County Assembly may not attain secure and effective use of ICT.	• The Auditor indicated the Assembly have put in place an ICT system and thus the matter stood resolved satisfactorily.

MIN/SEN/CPAC/183/2023 **ANY OTHER BUSINESS**

MIN/SEN/CPAC/184/2023 **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 12.09 pm. The next meeting would be held on Tuesday, 28th March, 2023 at 10:00am.

SIGNATURE…… ……..



(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE……7th July 2023……

MINUTES OF THE SEVENTEENTH, 17TH (A) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR WEST POKOT COUNTY ASSEMBY FOR FINANCIAL YEAR 2018/2019 & 2019/2020 HELD ON THURSDAY, 23RD FEBRUARY, 2023 AT K.I.C.C, SHIMBA HILLS HALL FROM 10:00 A.M.

PRESENT

1. Sen. Sifuna Edwine Watenya, MP - **Sub-Committee Ag. Chairperson**
2. **Sen. Cherarkey Samson Kiprotich, MP** - **Vice-Chairperson**
3. **Sen. Methu John Muhia, MP** - Member
4. Sen. Onyonka Richard Momoima, MP - Member
5. Sen. Okoiti Andrew Omtatah, MP - Member

ABSENT WITH APOLOGY

6. **Sen. Kajwang' Moses Otieno, MP** - **Chairperson**
7. Sen. Adan Dullo Fatuma, CBS, MP - Member
8. Sen. Mwenda Gataya Mo Fire, MP - Member
9. Sen. Omar Mariam Sheikh, MP - Member

IN ATTENDANCE
WEST POKOT COUNTY ASSEMBLY

1. **Hon. Kaptui Fredrick Plimo** - **Speaker/Chairperson, County Assembly Service Board (CASB)**
2. Mr. Benedict Toroitich - County Assembly Clerk
3. Mr. Dennis Plan - Director, Finance
4. Mr. Kisang Amos - Director Accounting Services
5. Mr. Tongole Jacob - CASB Member
6. Mr. David Moiben - CASB Member
7. Vicky Cherop - Head of Procurement

OFFICE OF THE AUDITOR GENERAL (OAG)

1. Mr. David Sumaili - Parliamentary Liaison Officer
2. Mr. Otwori Ondieki - Deputy Director, Audit
3. Mr. Daniel Owiti - Auditor

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Evah Wacuka - Parliamentary Liaison Officer

NATIONAL TREASURY

Dr. Jackson Ndung'o - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. Joseph Mwangi - Senior Clerk Assistant
2. Mr. Kevin Kibet - Clerk Assistant
3. Mr. Martin Mulandi - Researcher III
4. Mr. James Ngusya - Serjeant-at-Arms
5. Mr. Ibrahim Oruko - Media Relations Officer
6. Ms. Winfred Atieno - Audio Officer
7. Mr. Tobias Juma - Intern

MIN/SEN/CPAC/100/2023 PRELIMINARIES AND PRAYERS

The Sub-Committee Ag. Chairperson called the meeting to order at 10:47 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/101/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Methu John Muhia, MP and seconded by Sen. Sifuna Edwine Watenya, MP as follows;

1. Preliminaries
    a. Prayer
    b. Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Meeting with the County Assembly of West Pokot to interrogate the Report of the Auditor General on the Financial Statements for Financial Year 2018/2019 and 2019/2020; and**
5. Any Other Business
6. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/102/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of West Pokot County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the Financial year 2018/2019 and 2019/2020.

MIN/SEN/CPAC/103/2023 CONSIDERATION OF THE AUDIT REPORT OF WEST POKOT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2018/2019

Basis for Basis for Adverse Opinion

Audit Query	Concerns	Observation and Recommendations
3.0 Unsupported Accounts Receivable – Outstanding Imprest Register Response	• The supporting schedule for the outstanding imprest show that all the imprest was issued in the financial year ended 30 June, 2018 and had therefore	• The Auditor stated that the matter was resolved and the response was satisfactory.

	taken more than one year to surrender. • Management did not provide an imprest register to confirm recording of opening balance, amount taken during the year, date taken, date due or amount pending at the close of the year. • The accuracy validity and recoverability of outstanding imprest balance of Kshs.1,557,700 reflected in the statement of financial assets and liabilities as at 30 June, 2019 could not be confirmed.	• However, they noted that the County assembly did not have an imprest register. • The Committee noted that the County Assembly violated imprest surrender regulations Section 91-93 of the Public Finance Management Regulations, 2015.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES		
2.0 Non-Compliance with the One Third Staff Establishment Rule	• Review of the personnel records revealed that the County Assembly had a total of ninety-six (96) employees out of which eighty-six (86) or 90% are from the dominant ethnic community which is contrary to Section 65(1) (e) of the County Governments Act, 2012 on staff establishment. • Management was in breach of the law.	• The Auditor informed the Committee that the matter was unresolved . • The management undertook to progressively address the matter. • The Committee directed the Management to, submit the road map towards complying with the law on ethnic composition and all previous recruitment documentation within fourteen (14) days.
3.0 Poor Provision of Internet Services	• The internet network within the County Assembly was weak and it could not be established whether the County Assembly was receiving value for money for the internet subscription payments. • It was difficult to confirm whether value for money on expenditure of Kshs.1,200,000 for the year	• The Auditor indicated that the matter was unresolved. • The Committee directed the Management to submit documents within fourteen (14) days on the payment for provision of internet services.

	ended 30 June, 2019 was realised.	
4.0 Construction of County Assembly Restaurant and Car Park	• A physical verification of the project in November, 2019 revealed that the project has stalled and there was no budgetary provision in respect of the project during 2018/2019 financial year. Project records including payment vouchers, certificates of completion, status report of the project were not availed for audit verification • The value for money has not been realised in the construction of the restaurant and car park	• The Auditor indicated that the matter was still outstanding. Documents were not provided at the time of the audit. • The EACC informed the Committee that certified original copies of documents are maintained by the client. • The Committee noted that the Management did not make and keep certified copies of the original documents and this highlights a level of professional negligence. • The EACC informed the Committee that the investigation is at the tail end. Further, they expressed frustration in the County Assembly for non-cooperation to provide documents.
5.0 Delay in Construction of Modern Assembly Complex	• The execution of the contract was suspended by the Governor of West Pokot through a letter dated 19 September, 2017 to facilitate a special audit of all contracts by the National Construction Authority. It could not be established whether the suspension complied with contract clause on termination of a contract which may expose the County to penalties for wrongful termination of the contract. • the objectives of the Project have not been achieved and residents of West Pokot County may not have obtained value for money on	• The Auditor indicated that the matter was still unresolved. • The Committee noted that the project is likely to run twofold beyond the initial contract sum. •

	• the construction of the Assembly Complex as planned •	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE		
3.0 Weak Internal Audit Function	• Due to the weak in internal audit function, assurance on the effectiveness of internal control, risk management and governance may not be realised	• The OAG noted that the County Assembly is now in the process of building capacity to improve on its internal audit function.
4.0 Lack of Risk Management Processes	• Management did not have a risk management policy, risk management framework or a risk register. • Management did not conduct risk assessment, Management was therefore unable to design measures for mitigation against risks. • It was not possible to establish operations that were open to risk and to mitigate against the risks	• The Auditor indicated that the matter was resolved. However, documents were not provided at the time of the audit.
5.0 Lack of Fixed Assets Register	• It was not possible to ascertain the nature, number, physical location and fair value of the Assembly's assets contrary to Regulation 136(1) of the Public Finance Management Regulations, 2015 which requires the Accounting Officer shall be responsible for maintaining a register of assets under his/her control or possession	• The Auditor indicated that the fixed asset register was not provided at the time of the audit. • The Committee will make a determination on this matter during its report writing.

CONSIDERATION OF THE AUDIT REPORT OF WEST POKOT COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

Basis for Basis for Qualified Opinion

6. Irregular Payment of Sitting Allowances	• The compensation of employees' expenditure of Kshs.276,771,847 also	• The Auditor indicated that the matter was unresolved.

	includes sitting allowances of Kshs.7,260,500 paid to Members of County Assembly and County Assembly Service Board, which were paid outside the payroll without any justification from the accounting officer. • Pay As You Earn (PAYE) of Kshs.5,634,150 deducted from the sitting allowances was not remitted to the Kenya Revenue Authority	• At the time of audit, no payment vouchers for PAYE deduction were provided. • The OAG requested for time to further interrogate documents submitted by the county assembly. • The Committee directed the Management to submit supporting documents to the OAG within 7 days. • The Committee will make a determination on this matter during its report writing.
8. Irregular Expenditure on Hotels and Conference Facilities	• The hotels and conference facilities were directly procured and the procured services were not included in the procurement plan for the year under review. Further, the County Assembly did not have an annual training plan, training needs assessment was not done and no reports were produced after the trainings were completed. • Procurement of hotel and conference facilities was done outside IFMIS against the requirement of Treasury Circular No. 24/2015 dated 21 December, 2015 which provided guidelines on the use of E-Procurement in the County Governments	• The Auditor indicated that the matter was unresolved. • The Committee observed that the County Assembly failed to provide documents to the Auditor at the time of audit. • The Committee directed the Management to submit supporting documents to the Auditors within seven (7) days to show the procurement quotations utilised. • The Committee directed the Management to submit supporting documents to the Auditors within 7 days to show existence of an annual procurement plan. • The Committee directed the Management to submit supporting documents the report on payment through IFMIS to the Auditors within 7 days.
9 c) Purchase of Motor Vehicles and Other Transport Equipment	• Review of records provided revealed that the vehicle (Toyota Fortuner) was directly procured although the prevailing conditions did not justify the procurement method.	• The Auditor indicated that the matter was still outstanding. The county assembly had not provided justification for using direct procurement method.

	• The logbook for the vehicle was also not provided for audit verification	• The Committee will make a determination on this matter during its report writing.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES		
Domestic Travel and Subsistence Allowances	• Determination of the distance in kilometres of the homes of nominated Members of County Assembly had already been done by another team which had incorporated the County Works Officer • The validity and propriety of the expenditure of Kshs.2,402,400 could not be confirmed.	• The Auditor indicated that the matter was still unresolved. • The Committee observed that the county assembly could not justify the expenditure of Kshs.2,402,400.
Expenditure on Salaries, Emoluments and Benefits	• The County Assembly spent a total of Kshs.288,225,844 on compensation of employees and benefits (compensation of employees – Kshs.276,771,847 and social security benefits – Kshs.11,453,997) during the year under review. This represents 46% of the total receipts of Kshs.623,982,488 on compensation of employees and benefits. Consequently, the compensation of employees cost exceeded the set threshold of 35% stipulated under Regulation 25(1) of the Public Finance Management (County Governments) Regulations, 2015. • Consequently, Management is in breach of the law.	• The Auditor indicated that the matter was still unresolved • The Committee observed that this is a recurring issue across the 47 counties. • The Committee shall make a determination on this matter during its report writing
Irregular Employment of Ward Staff	• A review of personnel records revealed that each Ward Office had six employees contrary to the requirement of the Commission on Revenue Allocation Circular Ref No: CRA/CSO/CMG/9/VOL.V	• The Auditor indicated that the matter was still unresolved. • The Committee observed that the recruitment was in breach of outlined employment laws and regulations.

	(43) of 3 August, 2020 which provides for employment of three (3) employees per Ward Office. • Further, the ward employees were each being paid salaries below the approved minimum wage of Kshs.13,572.90 per month	
Key Audit Matters Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.		
Other Matter		
Pending Bills	• An amount of Kshs.9,177,000 of the pending bills was not supported by any documentary evidence • The pending bills of Kshs.16,428,120 included an amount due to the prison industry of Kshs.3,000,000 for furniture not supplied. • Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged	• The Auditor indicated that the matter had been resolved.

MIN/SEN/CPAC/104/2023 ANY OTHER BUSINESS

1) The County Assembly requested the Senate to expedite the process of making the County assemblies achieve full financial autonomy to boost its performance without interference by the county executive.
2) They added that the Senate should support any legislations that will entrench the ward fund in the Constitution for robust development at the ward level.
3) The County Assembly expressed the need and input of the Senate and other relevant institutions in reconsidering the welfare of MCAs' to provide for pension that will safeguard them during their retirement.
4) The Committee urged the County Assembly Service Board (CASB) to ensure compliance with the one-third staff establishment rule during its recruitment to ensure embracing diversity across the country.

MIN/SEN/CPAC/105/2023 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 2.47 pm. The next meeting would be held on Monday, 27th February, 2023 at 10:00am.

SIGNATURE……  **…….**

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP)

DATE……7th July 2023……..

MINUTES OF THE TWENTY-NINTH (29TH) (B) MEETING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE TO CONSIDER AUDIT REPORT FOR MURANG'A COUNTY ASSEMBY FOR FINANCIAL YEAR 2019/2020 HELD ON THURSDAY, 23RD MARCH, 2023 AT K.I.C.C, FIRST FLOOR BOARDROOM FROM 10:00 A.M.

PRESENT

1.	**Sen. Kajwang' Moses Otieno, MP**	**- Chairperson**
2.	Sen. Adan Dullo Fatuma, CBS, MP	- Member
3.	Sen. Mwenda Gataya Mo Fire, MP	- Member
4.	Sen. Okoiti Andrew Omtatah, MP	- Member
5.	Sen. Omar Mariam Sheikh, MP	- Member

ABSENT WITH APOLOGY

6.	**Sen. Cherarkey Samson Kiprotich, MP**	**- Vice-Chairperson**
7.	Sen. Methu John Muhia, MP	- Member
8.	Sen. Onyonka Richard Momoima, MP	- Member
9.	Sen. Sifuna Edwine Watenya, MP	- Member

IN ATTENDANCE
MURANG'A COUNTY ASSEMBLY

1.	**Hon. Johnson Mukuha**	**- Speaker/Chairperson, County Assembly Service Board (CASB)**
2.	Mr. Kuria Thuita	- County Assembly Clerk
3.	Ms. Annie Macharia	- Deputy Clerk
4.	Mr. David Mwangi	- Accountant
5.	Mr. Kenneth Cubi	- Clerk's Liaison Officer
6.	Mr. Francis Kimani	- Procurement Officer
7.	Ms. Hilda Kamze	- Director, HRM
8.	Ms. Nancy Githaiga	- Deputy Director Finance
9.	Mr. Edward Mungai	- Senior Internal Auditor

OFFICE OF THE AUDITOR GENERAL (OAG)

1.	Mr. David Cherono	- Director of Audit
2.	Mr. Alex Ndung'u	- Deputy Director, Audit

ETHICS AND ANTI-CORRUPTION COMMISSION

Ms. Evah Wacuka - Parliamentary Liaison Officer

SENATE SECRETARIAT

1. Mr. Kevin Kibet - Clerk Assistant III
2. Ms. Purity Orutwa - Clerk Assistant III
3. Mr. Peter Katana - Researcher III
4. Mr. Javan Loriko - Serjeant-at-Arms
5. Mr. Ibrahim Oruko - Media Relations Officer
6. Mr. Charles Oyosi - Audio Officer

MIN/SEN/CPAC/185/2023 PRELIMINARIES AND PRAYERS

The Chairperson called the meeting to order at 10:27 am followed by a word of prayer. Thereafter introductions followed.

MIN/SEN/CPAC/186/2023 ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Mwenda Gataya Mo Fire, MP and seconded by Sen. Adan Fatuma Dullo, CBS, MP as follows;

1. Preliminaries
    a) Prayer
    b) Introductions
2. Adoption of Agenda
3. Administration of Oath
4. **Brief on the Audit Report of the Financial Statements of the County Assembly of Murang'a for Financial Year 2019/2020 (Committee Paper No. 12B).**
5. **Meeting with the County Assembly of Murang'a to interrogate the Report of the Auditor General on the Financial Statements for the Financial Year 2019/2020; and**
6. Any Other Business
7. Date of the Next Meeting and Adjournment

MIN/SEN/CPAC/187/2023 ADMINISTRATION OF OATH

The Speaker and Clerk of Murang'a County Assembly took Oath of Witness and tabled the Management responses and supporting documents for the financial year (FY) 2019/2020.

MIN/SEN/CPAC/188/2023 CONSIDERATION OF THE AUDIT REPORT OF MURANG'A COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

Basis for Basis for Qualified Opinion

Audit Query	Concerns	Observation and Recommendations
1.0 Unconfirmed Balances Examination of records for the balances reflected in the financial statements revealed anomalies in the following accounts		

1.0.1 Cash and Fund Balances	• Bank, Cash and Fund account balances reflected in the statement of financial assets and liabilities as at 30 June, 2020 differ with those reflected in respect to the accounts in the Integrated Financial Information System (IFMIS) ledger. • No reconciliations or explanation have been provided for the variances	• The OAG informed the Committee that the query was satisfactorily resolved.
1.0.2 Compensation of Employees	• The statement of receipts and payments reflects compensation of employees' payments totalling Kshs.260,945,725, as further disclosed in Note 4 to the financial statements. • However, payroll records reflected balances totalling to 187,544,558 resulting in an aggregate difference of Kshs.73,401,167. • No satisfactory explanation was provided by Management for the variance totalling Kshs.73,401,167 and as a result, the accuracy and completeness of the compensation to employees' expenditure totalling Kshs.260,945,725 reflected in the financial statements could not be confirmed.	• The OAG informed the Committee that the matter was still outstanding. Documents were not provided at the time of the audit. • The Committee declined to accede to a request by the Assembly to submit analysis documents explaining the discrepancy. • The Committee directed the Management to, within 14 days, submit the analysis document explaining the discrepancy of Kshs.73 million and any other relevant documentation to the Auditor General on the compensation of employees. • The Committee shall make a determination on this matter during its report writing.
1.0.3 Foreign Travel and Subsistence	• The staff and MCAs supposedly used their own resources to finance the trips and claimed for refunds thereafter. However, there were no records on authority to do so having been granted to them by the Accounting Officer. • Reports prepared by the payees upon return, if any, were not submitted for audit and as a result the outputs	• The OAG informed the Committee that the matter was still outstanding. Documents were not provided at the time of the audit. • The Committee observed that the report on travel to Italy by the County Assembly was not properly presented as it was not approved, stamped or signed by the Clerk and Speaker and did not also have

	and results from the trips could not be confirmed. • In view of the anomalies, it was not possible to confirm that the payments totalling Kshs.7,782,336, were a proper charge to public expenditure.	the Speaker's annotation for tabling and adoption in the Assembly. • The Committee observed that there was no value for money in use of the Kshs.7.7 million for the trip to Italy. • The Committee directed the Management to, within 14 days, submit the supporting documentation to show the trip took place; Invitation letters, air tickets and stamped passport entry to Italy and the authority by the accounting officer to MCAs and Staff to use their own resources during the trip to Italy.
1.0.4 Fixed Assets	• Disclosed in Annex 4 to the financial statements is a summary fixed assets register that reflects assets with historical costs totalling Kshs.465,595,952.50 as at 30 June, 2020. However, title deeds and valuation reports for lands costed at Kshs.127,000,000 included therein were not provided for audit review. • Consequently, the completeness and accuracy of the fixed assets balance totalling Kshs.465,595,952.50 as at 30 June, 2020 could not be confirmed. Further, computers, furniture and other equipment did not have tag numbers to identify and track their locations and users and as a result, the risk of their misplacement or loss was high.	• The OAG informed the Committee that the matter was still outstanding. • The Committee observed that the county assembly do not have in their possession the title deed of the land in which the Assembly sits on but they have listed it in their asset register. • The Committee observed that the county assembly was at risk of losing the land. • The County Assembly did not have the values of all the assets and liabilities inherited from the defunct local authorities. Thus, this has affected the correct position of the assets and liabilities of the County Assembly • The Committee shall make a determination on this matter during its report writing.

		• The Auditor was asked to verify the status in subsequent audit years. • The Committee directed the Management to, within 14 days, submit the correspondences and any other supporting documentation to show the process of acquiring the title deed and the County Assembly's Asset management policy.
1.0.5 Pending Bills	• Disclosed under Note 7.10 to the financial statements on other disclosures, are pending bills totalling Kshs.59,939,650 relating to construction of buildings - Kshs.1,567,285, staff payables - Kshs.53,155,240 and unpaid taxes to the Kenya Revenue Authority (KRA) - Kshs.5,217,125. However, detailed analyses of pending staff payables were not provided for audit. • As a result, the accuracy, validity and completeness of the reported pending bills totalling Kshs.59,939,650 as at 30 June, 2020 could not be confirmed.	• The OAG informed the Committee that the matter was satisfactorily resolved. • The Committee noted that the County assembly was experiencing late exchequer releases by the County Treasury thus resulting in unnecessary pending bills.
2.0 Misstated Expenditures		
2.0.1 Social Security Benefits	The statement of receipts and payments reflects social security benefits payments totalling Kshs.14,795,463 for the year under review. However, the payment vouchers presented for audit reflected payments totalling Kshs.16,193,841, resulting in an unexplained variance of Kshs.1,398,378 and as a result, the accuracy and completeness of the payments totalling Kshs.14,795,463 could not be confirmed.	• The OAG informed the Committee that the matter was partially resolved. • The OAG noted that the county assembly is experiencing misstatement issues in its financial statements. • The Committee observed that the County Assembly underreported its payment vouchers at the time of audit.

		• The Committee urged the County Assembly to build the capacity of its staff.
2.0.2 Finance Costs	• Note 11 to the financial statements reflects payments for finance costs totalling Kshs.36,027,011. The trial balance as at 30 June, indicated that the costs comprised Kshs.34,989,191 and Kshs.1,037,820 designated as "other depository corporations" and "public enterprises" respectively. • However, the two expenditure classes were not in the approved budget and Chart of Accounts. • Examination of the respective payment records indicated that the items related to public participation expenses and loans provided to members of the County Assembly though an existing car and mortgage facility. No explanation was provided for the incorrect classification of the payments. • In addition, payments totalling Kshs.766,422 were incorrectly charged to the finance costs item. Management did not provide a satisfactory explanation the misallocation.	• The OAG informed the Committee that the matter was partially resolved. • The Committee noted misclassification/ misreporting of expenditure by the County Assembly due to listing of public participation as a finance cost. • The Committee urged the Assembly to adhere to No. 36 of the International Public Sector Accounting Standards (IPSAS). • The Auditor was asked to verify the status in subsequent audit years
Key Audit Matters **Other Matter**		
Unresolved Prior-Year Audit Issues	In the report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Management has made efforts to	• The OAG informed the Committee that the matter was still outstanding. • The Committee shall make a determination on this matter during its report writing.

	resolve some of the matters while others remain unresolved, as indicated in the report on follow-up on auditor's recommendations at Note 7 of other disclosures. The actual status of the issues shall be determined after they are deliberated upon by the Legislature	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES		
1.0 Lack of Ethnic Diversity in Staff Establishment	• Review of personnel records revealed that as at 30 June, 2020 the County Assembly had eighty-three (83) employees out of whom seventy-eight (78) or 94% were from the dominant ethnic community in the County. These included four staff recruited during the year under review. • The County Assembly's staff establishment did not comply with the law on ethnic diversity in public sector staffing.	• The Auditor informed the Committee that the matter was still outstanding. • The Committee directed the management to, within 14 days, provide newspaper cuttings or any other evidence to prove advertisements are posted in National newspapers. • The Committee to engage the National Cohesion and Integration Commission (NCIC) to table a report on the extent to which county assemblies comply with Section 65(e) of the County Governments Act, 2012 on recruitment by the CASB and if possible propose appropriate penalties to those that violate the Act and propose an affirmative action provision to attract a large pool of applicants.
2.0 Failure to Implement E-procurement	• Review of the County Assembly's procurement process revealed that only Requests for Quotations and payments for items that were procured through Open Tenders were done through the E-procurement system during the year under review. All other processes were conducted manually.	• The Auditor indicated that the matter was still outstanding • The Auditor was asked to verify the status in subsequent audit years.

	• No satisfactory explanation was provided for the failure to adhere to the Executive Orders	
3.0 Irregular Payments to Society of Clerks at the Table	• Expenditure records indicated Kshs.500,000 was in the year under review paid for subscription fees to the Society of Clerks at the Table (SOCAT). • However, as similarly reported in previous years, legislation recognizing the Society as qualified to receive grants from public funds does not exist. • In the circumstance, the payment totalling Kshs.500,000 was irregular.	• The Auditor indicated that the matter was still outstanding. • The Committee noted that the payment was irregular since the forum is not legally established. • The Committee recommended that there is need for regularization of the SOCATT and there is a need to make necessary legislations to anchor the bodies in law. • The Auditor informed the Committee that the irregular payments to CAF and SOCATT has been happening in subsequent years. • The Committee shall make a determination on this matter during its report writing.
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE		
Weak Oversight and Governance System	• Review of the operations of the Internal Audit Unit indicated that it was not sufficiently staffed as it had only one internal auditor. In addition the minutes of the deliberations of the Audit Committee were not made available for audit review. • In view of these weaknesses oversight and governance over the County Assembly's administrative operations was not properly established.	• The Auditor indicated that the matter was satisfactorily resolved.

MIN/SEN/CPAC/189/2023 **ANY OTHER BUSINESS**

1. The Committee noted with concern that the allocation for the County assembly had reduced in the 2019/2020 FY by Kshs.40,000,000 from what had been allocated in 2018/2019 FY.
2. The County Assembly stated that there were challenges in exchequer releases from the county treasury perhaps due to lack of goodwill by the county executive. The County Assembly requested the Senate to expedite the process of making the County assemblies achieve full financial autonomy to boost its performance without interference by the county executive.
3. The Committee urged the County Assembly to utilise the Standing Order that allows County Assemblies to communicate with the Senate. Utilising the Standing Order will give an impetus to the Senate to review or enforce laws in instances where County Assemblies are facing frustrations such as budgets not being honoured or late disbursement by the county treasury.
4. They noted that this will trigger a series of actions to ensure that the law is adhered to or amended if necessary.
5. The Committee urged the County Assembly Service Board (CASB) to ensure compliance with the one-third staff establishment rule during its recruitment to ensure embracing diversity across the country.
6. The Committee urged the County Assembly to robustly oversight the county executive as it was noted in a previous meeting with the County executive that they had never appeared before the County Assembly Public Accounts Committee (PAC).
7. Members stated that there is a need to pursue legislations to anchor in law the County Assemblies Forum (CAF) and The Society of Clerks at the Table (SOCATT).
8. The Committee urged the Assembly leadership to build the capacity of its Members through benchmarking in the Senate.

MIN/SEN/CPAC/190/2023 **ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 1.05 pm. The next meeting would be held on Tuesday, 28th March, 2023 at 10:00am.

SIGNATURE..... .....

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, MP)

DATE.....7th July 2023.....