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REPUBLIC OF KENYA

THE SENATE

TWELTH PARLIAMENT-FIFTH SESSION

REPORT OF THE STANDING COMMITTEE ON HEALTH ON THE UTILIZATION OF COVID- 19 FUNDS BY BARINGO, BOMET, BUNGOMA, BUSIA, ELGEYO MARAKWET, EMBU, GARISSA, KAKAMEGA, KITUI, LAIKIPIA, LAMU, MACHAKOS, MANDERA, MARSABIT COUNTY EXECUTIVES

VOLUME I

CLERK'S CHAMBERS
THE SENATE
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ACRONYMS/ABBREVIATIONS

ADB	African Development Bank
AG	Auditor-General
CS	Cabinet Secretary
DKK	Danish Krone
FLHW	Front Line Health Workers
GOK	Government of Kenya
KDSP	Kenya Devolution Support Project
PFM	Public Finance Management Act
PPADA	Public Procurement and Asset Disposal Act
PS	Principal Secretary
SDR	Special Drawing Rights
IMF	International Monetary Fund
USD	United States Dollar
KSHS	Kenya Shillings
THS	Transforming Health Systems
KEMSA	Kenya Medical Suppliers Authority
MDAs	Ministries, Departments and Agencies

DEFINITION OF TERMS

Disclaimer: issue that has been stood over generally, without determination. Determination is subsequent to the fulfilment of the conditions for clearing or declining to clear an audit query.

Reprimand: issuing a stern warning to desist from the action under concern. In the event that the issue reoccurs in subsequent audit reports, appropriate action be taken in line with the la

TABLE OF CONTENTS

Contents

ACRONYMS/ABBREVIATIONS i
DEFINITION OF TERMS ii
TABLE OF CONTENTS iii
COMMITTEE OBSERVATIONS AND FINDINGS vii
GENERAL COMMITTEE'S RECOMMENDATIONS viii
ACKNOWLEDGEMENTS x
3.3.1 COUNTY GOVERNMENT OF BARINGO 1
3.3.2 COUNTY GOVERNMENT OF BOMET 18
3.3.3 COUNTY GOVERNMENT OF BUNGOMA 34
3.3.4 COUNTY GOVERNMENT OF BUSIA 63
3.3.5 COUNTY GOVERNMENT OF ELGEYO MARAKWET 78
3.3.6 COUNTY GOVERNMENT OF EMBU 97
3.3.7 COUNTY GOVERNMENT OF GARISSA 116
3.3.11 COUNTY GOVERNMENT OF KAKAMEGA 128
3.3.18 COUNTY GOVERNMENT OF KITUI 143
3.3.20 COUNTY GOVERNMENT OF LAIKIPIA 175
3.3.21 COUNTY GOVERNMENT OF LAMU 198
3.3.22 COUNTY GOVERNMENT OF MACHAKOS 216
3.3.24 COUNTY GOVERNMENT OF MANDERA 237
3.3.25 COUNTY GOVERNMENT OF MARSABIT 256

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 (SO) for the orderly conduct of its proceedings, including the proceedings of its Committees.

Mr. Speaker Sir,

The Senate Standing Committee on Health is established under standing order 218(3) of the Senate Standing Orders and is mandated to, *"consider all matters relating to medical services, public health and sanitation."*

During the period of review, the Committee examined the Special Audit Report on the Utilization of Covid-19 Funds by the Auditor General for the twenty-Eight (28) County Governments. The Report is presented in two volumes (Volume I & Volume II). Each volume contains reports of fourteen (14) Counties.

Mr. Speaker Sir,

The membership of the Committee comprises the following Senators: -

Committee Membership

1) Sen. (Dr.) Michael Mbito, MP - Chairperson
2) Sen. Mary Seneta, MP
3) Sen. Beth Mugo, EGH, MP
4) Sen. Beatrice Kwamboka, MP
5) Sen. (Prof.) Samson Ongeri, EGH, MP
6) Sen. (Dr.) Abdullahi Ali Ibrahim, MP
7) Sen. Ledama Olekina, MP
8) Sen. Fred Outa, MP
9) Sen. Millicent Omanga, MP

Mr. Speaker Sir,

The Senate Standing Committee on Health is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out oversight over the health sector at both levels of Governments.

Mr. Speaker Sir,

The Committee largely relied on the Special Audit Report of the Auditor General on the Utilization of Covid-19 Funds by County Governments.

Mr. Speaker Sir

On 4 August, 2020, the Senate Adhoc Committee on the COVID-19 situation in the country wrote to the Auditor-General *vide* a letter referenced SEN./12/4/AC/ COVID-19/2020 (57) requesting for a special audit on the utilization of the Covid-19 funds allocated to and appropriated by the 47 County Governments.

The Committee held several meetings with the County Government Executives on various dates during the consideration of the Special Audit Report. The sittings were primarily investigatory and intended to provide oversight over the health sector in the counties. The Committee received evidence from the Governors of the Counties as the Chief Executive Officers to the County Governments pursuant to Article 179 (4) of the Constitution. The members of the County Executive Committees and other County officials also attended the meetings of the Committee. All the Meetings were held virtually via Zoom Platform.

The main issues for determination and investigation were the various audit queries contained in the special audit report of the Auditor General on the Utilization of Covid-19 Funds by County Governments.

The objective of the special audit, was to confirm whether, public funds utilized by County Governments for the procurement of medical supplies for the purpose of combating the COVID-19 pandemic were used in a manner that is lawful and effective.

The Terms of References requested by the Senate Adhoc Committee on the COVID- 19 situation in the country have been addressed by this Special Audit Report as follows-

1. Review and establish whether the County Governments had approved work plans, procurement plans, and training plans in place specific to Covid-19 activities;
2. Review to establish the total amount of funds received by the County Governments, Specific to Covid-19 activities;
3. Establish the bank accounts into which the funds from the National Government

specific to COVID-19 activities were banked;

4. In terms of utilization of Covid-19 funds, the Special Audit was to establish whether the funds from the National Government specific to COVID-19 activities were spent in accordance with approved work plans;

5. Establish whether the financial and non-financial reports on funds from the National Government specific to COVID-19 were produced every month;

6. Test to stablish the reliability of the financial and non-financial reports on funds from the National Government specific to COVID-19 activities;

7. Detect irregularities involving the misuse of public funds and identify related weaknesses in Management controls that may imperil the integrity;

8. Determine the reliability of reports on funds execution data;

9. Identify instances and patterns of waste and inefficiency that, if corrected, will permit more economical use of available budget resources; and,

10. Provide reliable data about COVID-19 programme results as a basis for future adjustments in laws, policies, and funds allocations.

11. This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya and the standing order 226(2) of the Senate Standing Orders.

Mr. Speaker Sir,

The Committee in arriving at particular recommendations in this particular Special Audit Report of the Auditor General on the Utilization of Funds by County Governments took into account the challenges faced by Counties in the fight against the Covid-19 Pandemic which at the onset was an emergency response.

The Committee was, further, guided by the mandate of the Senate pursuant to the provisions of Article 96(1) of the Constitution; particularly the need to strike a balance between protection of the counties *vis-a-vis* the oversight role of the Senate over counties in accordance with the provisions of Article 96(1) and 96(3) of the Constitution, respectively.

Mr. Speaker Sir,

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.

COMMITTEE OBSERVATIONS AND FINDINGS

The Committee observed and established that -

1. Lack of approved work plans, procurement plans, and training plans in place specific to COVID-19 activities may have resulted to ineffective fiscal response to the Covid-19 risks that may result in Value for Money risks.
2. Absence of approved Budgets for COVID-19 activities may have resulted to inefficient and ineffective utilization of public funds.
3. Delay in utilization of the GOK Conditional grants exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID-19 risks.
4. Delay in utilization of DANIDA Funds exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID- 19 risks.
5. Delay in utilization of the KDSP Funds exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID-19 risks.
6. Underfunding of the Frontline Health Workers Allowances may have exposed the counties to risks of labour unrest among Frontline Health Workers.
7. Inefficient Inventory Management Systems that led to comingling of donated and procured stock items may have resulted to value for Money Risks and ineffective response to COVID-19 related risks.
8. Failure to include estimate of Non-Cash Donations in the budget contrary to section 74 (4) of The Public Finance Management Act (County Government) Regulations, 2015 may have resulted to inaccurate financial reporting.
9. There was reluctance by some Governors to appear before the Committee, forcing the Committee, in some instances, to issue summons to compel their appearance.
10. There was lack of proper framework to handle pandemics and the coordination mechanisms between counties and National Government was generally weak.
11. Records management, payroll management systems and imprest management systems in most of the county governments are weak and need strengthening.
12. Procurement laws and Regulations were not being strictly adhered to by the Counties. There were cases of failure to adhere to the Public Financial Management Act, Public Procurement and Disposal Act, Public Audit Act and Government Financial Regulations and Procedures.

GENERAL COMMITTEE'S RECOMMENDATIONS

The Committee recommends that -

1. **Future disbursement of COVID -19 funds, should, in addition to the CRA Allocation criteria, be based on realistic Work Plans developed and approved by the respective County Governments so as to provide an efficient and effective framework for utilization of the funds to mitigate against value for money risks.**
2. **Appropriate sensitization be done for the County public finance management officers on Public Finance and Risk Management during crisis and health pandemics. This will improve the capacity of county human resource to respond to COVID-19 and other related risks in an efficient, effective, economical and ethical manner.**
3. **Appropriate consultations should be held between the levels of Governments to ensure accurate disbursement of the Frontline Health Workers Allowances to mitigate against labour unrest and fiscal risks in the County Governments. The County Governments should also ensure they operate a single Integrated Payroll Management system to ensure efficiency in payroll management.**
4. **The Public Finance Management capacity of Levels II and III health facilities be strengthened so as to ensure efficient and effective planning, budgeting and utilization of funds especially during pandemics. This will strengthen County Government's responsiveness to COVID-19 and other pandemics.**
5. **The matter of inventory management of COVID-19 related items and including donations should be reconsidered in the subsequent audit cycle to ensure proper recording of donations valuation roll and reflection in the financial statements of the respective counties.**
6. **All County Governments should automate the Stock Management System and strengthen capacity of officers managing inventories.**
7. **County Government, should, in addition to generating Financial Reports, generate Non –Financial Reports on key milestones achieved in regard to the activities relating to COVID-19 Pandemic. There should be an integrated financial and non- financial reporting for efficient and effective monitoring. To enhance accountability and public participation in management of funds, such reports should be published for public scrutiny.**
8. **The Annual Financial Statements and Reports of the County Executive for the current financial year (2020/2021) should include a comprehensive section on non-financial information in regard to the activities relating to Covid-19 response.**
9. **The Committee observed that there was need to strengthen internal processes that may have experienced the reported deficiencies. Further, the need to continuously build the capacity of the County public finance management officers was observed.**

10. **The Committee, having observed that the Counties were in financial distress while responding to the effects of the COVID 19 pandemic and having noted the borrowing of monies from other government entities, recommends that the County officers endeavor to operate within the law in service delivery even in times of pandemic. Further, the Office of the Auditor General reviews the query in its subsequent audit cycles to ensure refunds of the monies borrowed.**

11. **The Committee having established that delay in exchequer releases was a challenge that resulted to pending bills recommends that the matter of Pending Bills be retained in view in the subsequent audit cycle.**

ACKNOWLEDGEMENTS

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 Special Audit Report on the Utilization of Covid-19 Funds by the Auditor General. The Committee further appreciates the cooperation it received from the various Governors of the County Governments under consideration.

Final appreciation goes to the distinguished and dedicated members of the Committee who created time out of their busy schedule to attend and actively participate in the proceedings.

Mr. Speaker Sir,

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

Mr. Speaker Sir,

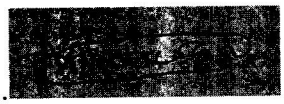
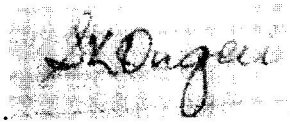
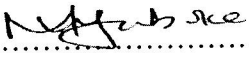
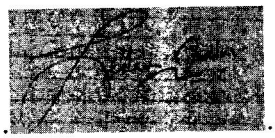
It is now my pleasant duty and privilege to present this report of the Standing Committee on Health, for consideration and approval by the House pursuant to Standing Order No. 226 (2) of the Senate Standing Orders.



SEN. (Dr.) MBITO MICHAEL MALINGA, MP,
CHAIRPERSON- SENATE STANDING COMMITTE ON HEALTH
DATE: 30TH NOVEMBER, 2021

ADOPTION OF THE REPORT OF THE STANDING COMMITTEE ON HEALTH OF THE SENATE

We, the undersigned Members of the Standing Committee on Health of the Senate, do hereby append our signatures to adopt the Report-

1. Sen. (Dr.) Michael Mbito, MP ..... 
2. Sen. Mary Seneta, MP ..... 
3. Sen. Beth Mugo, EGH, MP 
4. Sen. Beatrice Kwamboka, MP .....  .....
5. Sen. (Prof) Samson Ongeri, EGH, MP ..... 
6. Sen. (Dr) Abdullahi Ali Ibrahim, MP ...  .....
7. Sen. Fred Outa, MP ...  .....
8. Sen. Millicent Omanga, MP  .....
9. Sen. Ledama Olekina, MP .....  .....

3.3.1 COUNTY GOVERNMENT OF BARINGO

Programme Planning and Financing

Absence of approved work plans and training plans contrary to section 107(2) of the County Government Act, 2012

3.3.1.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County Governments. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place the Procurement and Asset Disposal Plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.1.2 The County Government of Baringo, did not have in place an approved work plan and training plan for COVID-19 activities for financial year 2019/2020 contrary to section 107(2) of the County Government Act, 2012. The County Government availed a proposed work plan for financial year 2020/2021, but it had not been approved as at the time of audit. Further, the Baringo County Government had conducted trainings and other sensitization programs worth Kshs. 6,879,600.00 without a Training Plan contrary to section 107(2) of the County Government Act, 2012.

Management Response

The Management informed the Committee that, the Baringo County had in place an emergency and preparedness plan to address the pandemic. Among the activities carried out were trainings to address any technical gaps and also disseminate any emerging information as well as interventions plans among all the stakeholders. In addition, a budget was developed towards response to COVID 19 taking into consideration surveillance and training. The training plan was incorporated in the emergency and preparedness plan.

ANNEXURE 3.3.1.2: Emergency and preparedness plan

Auditor's Remarks

The Auditor confirmed submission of the emergency and preparedness plan and that it was verified as satisfactory.

Committee's Observations and recommendations

The Committee, having noted the advisory from the Auditor and the mitigation by the management recommends that he Senate clears the audit query.

3.3.1.3 The County Government availed the County COVID-19 Response and Risk Management Budget from the Health Department, Minutes for the Disaster Management and the Food Security Executive Committee from the Disaster Management Department and the Budgets for the Department of Water and Irrigation as their work plans. These documents did not provide a detailed breakdown of planned activities, timelines, expected output, responsibility of stakeholders, activity delivery timelines and therefore does not constitute a work plan.

3.3.1.4 It was however established that, the County Government of Baringo had in place Annual Procurement Plans for financial years 2019/2020 and 2020/2021 that captured the emergencies activities to be undertaken by County.

Absence of approved budgets contrary to section 131 and 135 (2) of the Public Finance Management Act, 2012

3.3.1.5 The County Government of Baringo had various sources of funds for prevention and mitigation of COVID-19 pandemic. This included Conditional Grants from the National Government of Kshs.84, 341,000, the Frontline Flealth Workers Allowances received from the Ministry of Flealth of Kshs.44, 985,000 and the Grants from DANIDA of Kshs.5, 670,000. During the financial year 2019/2020, the County Government of Baringo had also budgeted for Kshs.131, 000,000 from County Own Revenue for COVID-19 mitigation. The Budget was approved during the 8th Special County Executive Committee meeting held on 31 May, 2019.

3.3.1.6 It was established that, the Conditional Grant funds comprising of Kshs.84, 341,000 was not captured in the Baringo County Government budget for the financial year 2019/2020, and was also not captured in the Budget for the financial year 2020/2021. The County Government was however in the process of preparing a supplementary budget for financial year 2020/21 to capture the funds from the conditional Grant. The Frontline Health Workers Allowances and DANIDA funds had also not been captured in the budget as at the time of audit contrary to section 131 and 135 (2) of the Public Finance Management Act, 2012.

Management Response

The Management clarified to the Committee that the conditional Grant of Kshs. 84,341,000 was captured in second supplementary FY 2019/2020 approved in the month of June, 2020. It is worth noting that it is only the procurement process for the construction of COVID -19 isolation Centre in Mogotio that started immediately the funds were disbursed to the Counties. That was because of the emergency situation in the Country.

DANIDA funds of 30th June 2020when the budget for 2020/2021 had been passed and approved in the County Assembly. Because of the late receipt in the County Revenue Fund it was not

possible for the amount to be included in the County Budget for the financial year 2020/2021 hence has to be included in our 1st Supplementary budget which was passed in the month of November 2020.

The allocation for frontline workers was included in the budget for 2020/2021 and the allowances for the frontline workers has been paid.

ANNEXURE 3.3.1.6

Auditor's Remarks

The Auditor confirmed to the Committee that the Conditional grant was captured in the Supplementary Budget for FY 2019/2020 and the County has since allocated funds for the Frontline Works and evidence of pay submitted for audit verification.

Committee's Observations and recommendations

The Committee having noted the mitigation by management and the advisory by the auditor that the allowances have since been paid and amounts regularized in the Supplementary Budget, recommends that the Senate clears the audit query.

Amount of funds received by Baringo County Government including recipient Bank Accounts

3.3.1.7 A review of Bank Statements for the respective funds, established that, the Baringo County Government received a total of Kshs.265,996,000 for the Management of the COVID-19 pandemic and other emergencies as detailed in the table below.

Table 9: Amount of funds received by Baringo County

1	GOK Conditional Grant	4 June, 2020	84,341,000	Central Bank of Kenya	1000171561
2	DANIDA Funds	30 June, 2020	5,670,000	Central Bank of Kenya	1000171561
3	GOK Health Workers Allowances	06 July, 2020	44,985,000	Central Bank of Kenya	1000171561
4	County Own Initiative	Various	131,000,000	Central Bank of Kenya	1000171561
	TOTAL		265,996,000		

Utilization of COVID-19 Funds by Baringo County Government GOK

Conditional Grant

3.3.1.8 As at 31 July, 2020, the Baringo County Government had made a commitment of Kshs. 17,980,290 through contract number BRCG/C/HS/131 dated 30 June, 2020 between Baringo County Government and M/S Rob Arch Designs Limited for the proposed construction of a Twin Covid 19 Isolation Wards Blocks at Mogotio Sub County Hospital.

3.3.1.9 A review of expenditure records established the following irregularities:

Utilization of funds without an approved budget and work plan contrary to section 135 (2) and (4) of the Public Finance Management Act, 2012 - Kshs. 17,980,290

3.3.1.10 Section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending.

3.3.1.11 It was established that the County Government of Baringo had contracted, Rob Arch Designs Ltd to construct twin COVID-19 isolation ward blocks at Mogotio Sub County at a contract sum of Kshs. 17,980,290. The contractor had been paid Kshs 9,080,688. This expenditure had been charged to the Conditional Grant received from the Ministry of Health. However, by the time of completing the special audit, Baringo County Government had not incorporated the conditional Grant funds in the County budget for the financial year 2019/20 and 2020/21.

Management Response

The Management informed the Committee that, in the second supplementary budget FY 2019/2020, Baringo County incorporated Kshs.84,341,00 into the budget as a conditional grant. The payment of Kshs.9,080,688 to Rob Arch Design Ltd was incurred from this grant. Therefore, the county incurred this expenditure in line with the PFM Act.

Auditor's Remarks

The Auditor confirmed that the Conditional Grant has since been regularized through the Supplementary Budget and the matter resolved.

The Committee's Observations and Recommendations

The Committee noted the mitigation on the Construction of Mogotio Sub-county and the advisory that the management had since regularized through the supplementary Budget and resolved that the Senate clears the audit query.

3.3.1.12 The requisition for the construction of the twin wards was raised on 4 June, 2020,

which was the same date when the County received funds for the conditional Grant at their County Revenue Fund Account. The procurement was therefore initiated before the County incorporated the funds in their budgets and work plan for the financial year 2019/2020. As at 23 October, 2020 when the audit was completed, the County was in the process of preparing a supplementary budget for the financial year 2020/2021 and work plans to capture the funds from the conditional Grant. Whereas the County used the funds on the basis of section 135 (1) of the Public Finance Management Act, 2012, it failed to meet the requirements of section 135 (2) and (4) of the Public Finance Management Act, 2012 which requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending.

Management Response

The Management confirmed that it was true the requisition for construction of Covid Isolation Centre was done on the same day the money was received in the County Revenue account. This is because procurement is a long process usually taking a considerable time to accomplish. The construction of twin wards was to mitigate the adverse effects of COVID 19 and therefore it was an emergency. At the time of the requisition the preparation of the second supplementary budget FY 2019/2020 had kicked off and was in an advance stage therefore it was feasible to start the process.

Auditor's Remarks

The Auditor confirmed that the Conditional Grant has since been regularized through the Supplementary Budget and the matter resolved.

The Committee's Observations and Recommendations

1. The Committee noted the emergency nature of the construction of the Isolation Center and recommends that the County develop a solid framework to anticipate emergencies to guard against violation of the procurement laws.
2. The Committee noted the mitigation on the Construction of Mogotio Sub-county and the advisory that the management had since regularized through the supplementary Budget and resolved that the Senate clears the audit query.

Delay in opening the Special Purpose Account for COVID-19 Grant funds contrary to the framework for the Management the of Conditional Grant Kshs- 84,341,000

3.3.1.13 The framework for the Management the of Conditional Grant for emergency response to the COVID 19 framework (condition g) required County Government to establish a Special Purpose Account in which the conditional Grant funds disbursed from the County Revenue Fund were to be banked within 15 days.A review of the Baringo County bank statement indicated that the County Government of Baringo opened a Special Purpose Account No. 1000454997 on 8 October, 2020 at the Central Bank of Kenya. The County Government received the funds in its County Revenue Fund (CRF) Account on 4

June, 2020. The County took 125 days from the date the funds were received in the CRF account to the date they were transferred to the Special Purpose Account. This is against the requirements of the conditional Grant framework, which requires funds to disburse within 15 days.

Management Response

The Management submitted that there was a delay by National Treasury on providing guidelines on opening of special purpose account for COVID-19 funds hence the delay in opening this account. Further, CBK had not received communication from the National Treasury on whether counties should open and operate special purpose account for COVID-19 funds.

Auditor's Remarks

The Auditor noted the failure by the Management to open a special account and confirmed that they had since regularized and the account opened.

Committee's Observations and recommendations

The Committee observed that although the Management had since complied and opened the account which was confirmed by the Auditor. The Committee recommends that the Senate Clears the Audit Query.

DANIDA Funds

Delay in utilization of DANIDA funds exposing public funds to Value for Money Risks- Kshs 5,670,000

3.3.1.14 DANIDA funds comprising of Kshs.5,670,000 were credited to the Baringo County Revenue Fund Account on 30 June 2020. The funds were later transferred to DANIDA Special Purpose Account No. 1000288957 on 30 September, 2020. As at the time of audit in October 2020, the funds had not been disbursed to beneficiary Health Centers for utilization on COVID -19 preparation, mitigation and response thereby exposing the funds to Value for Money risks. The County was in the process of distributing the funds to the dispensaries and health centers.

Management Response

The Management informed the Committee that, there was a delay by the National Treasury in release of CARA due to disagreement between the Senate and the National Assembly. This in turn caused a delay in preparation of the supplementary to capture these funds and make it possible to utilize the funds. However, county treasury transferred these funds on 30th September, 2020 from CRF to DANIDA special purpose account and was transferred to the rural facilities on 21st October, 2020.

ANNEXURE 3.3.1.15

- **CRF bank statement for June 2020, September 2020**
- **DANIDA special purpose bank account statement October 2020.**

Auditor's Remarks

The Auditor verified the documents indicating the transfers and noted that the matter had been satisfactorily mitigated.

Committee's Observations and recommendations

The Committee having noted the mitigation by management and the advisory from the Auditor recommends that the Senate clears the audit query.

GOK Frontline Health Workers Allowances

3.3.1.15 According to the SRC circular Ref. No. SRC/TS/COG/3/61/48, the Frontline Health Workers Allowances is meant to pay the County Health Workers dealing with COVID-19. A review of the Baringo County Revenue Fund Statement Account No. 1000171561, established that, the Baringo County Government received the Frontline Health Workers Allowances of Kshs. 44,985,000 on 6 July, 2020. The amount was paid to 1,106 Frontline Health Workers.

3.3.1.16 A review of the expenditure established the following irregularities:

Absence of proper guidelines for validating the support staff and drivers while paying the Allowances -Kshs.44, 985,000

3.3.1.17 During the month of July, 2020, a total of Kshs.42, 810,000 was paid to the Frontline Health Workers through the IPPD system. In August and September, 2020, a total Ksh.1, 815,000 was manually paid to the support staff and drivers as they were not defined in the IPPD system while the balance of KShs.360, 000 remained in the bank account. The Payroll Manager of Baringo County Government did not provide clarification on those paid manually and on what basis. The special audit team could not ascertain if the support staff and drivers that were paid manually were working under the Health Sector during that period as per the SRC guidelines. The absence of the information poses the risk that any worker can be illegally paid using the funds meant for the Frontline Line Health workers.

Management Response

The Management submitted that as at the time of payment of this allowance not all that deserved to be paid were captured in the IPPD system. Therefore, those whose details were properly captured in the IPPD system received their allowances but some support staff and drivers working under the department of health did not receive their allowances. This necessitated the manual

payment. The department of health compiled a list of the support staff and the drivers who did not receive the said allowance but were working in the department.

The payroll manager prepared the documentation for payment of the support staff and the drivers.

ANNEXURE 3.3.1.18

- **SRC Circular No. SRC/TS/COG/3/61/48**
- **List of support staff and drivers.**

Auditor's Remarks

The Auditor confirmed verification of the Circular and the manual payments for the support staff under the Department of Health.

Committee's Observations and recommendations

1. The Committee observed the disparities between the staff captured on the IPPD payroll and those left out was a posing a risk of high wage bill in the county.
2. The Committee recommends that the Management captures all the staff in the IPPD payroll to be verified in the subsequent audit cycle.

County Own Initiative

3.3.1.18 An amount of Kshs. 131,000,000 had been budgeted for prevention and mitigation of COVID-19 activities .It was established that, as at 31 July, 2020, the County Government had paid a total of Kshs. 136,066,749 and had made commitments of Kshs. 40,127,063 that were yet to be paid as detailed below:

Table 10: County Own Initiative funding for Baringo County

Health	**60,082,402**	**40,127,063**
Disaster Response Management	**60,168,607**	**0**
Water	**15,815,740**	**0**
Total	**136,066,749**	**40,127,063**

3.3.1.19 Section 53 (5) and (8) of the Public Procurement and Asset Disposal Act, 2015 requires that all procurement and asset disposal processes shall be based on approved budgets which shall be integrated with applicable budget processes and that the Accounting Officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

3.3.1.20 A review of the Baringo County Government payment vouchers, established

that, a total expenditure of Kshs. 176,193,812 had been incurred. This includes Kshs. 136,066,749 of actual expenditures and Kshs.40, 127,063 as commitments. However, the County Government of Baringo had allocated Kshs.131,000,000 of County Own Funds towards Covid-19 Initiative in the financial year through the 2019/2020 Supplementary II Budget and Kshs.14,000,000 as Emergency Fund in the financial year 2020/2021, under Recurrent Vote 2211399 -Other Operating Expenses Item. Therefore the total available budget for this procurement was Kshs.145, 000,000. Therefore, Kshs 31,193,812 had been incurred without an approved budget.

Management Response

The Management submitted that after the first report of Covid-19 was announced in the month of March 2020 and immediately being declared a pandemic, Baringo County Government embarked on mitigation measures. Baringo County Government had various sources of funds for prevention and mitigation of COVID-19 this included conditional grant from the National government of Kshs. 84,341,000, the county own revenue of Kshs. 191,000,000 distributed as Kshs. 121,000,000 for direct Covid expenditure and emergency funds Kshs. 70,000,000 hence the total budget of COVID 19 funds was Kshs. 275,341,000 against total expenditure Kshs. 176,193,812.

The actual expenditure paid during the period was Kshs. 136,066,749 this money are; Kshs. 131,000,000, transferred from CRF to emergency account and opening balances in the emergency fund account.

The commitments of Kshs. 40,127,063 was to be paid from the county and transferred amount of Kshs. 60,000,000 from the department of Health. It is therefore not true that the county incurred an over expenditure of Kshs. 31,193,812.

ANNEXURE 3.3.1.21: Extract of second supplementary budget FY 2019/2020

Auditor's Remarks

The Auditor confirmed verification of the supplementary budget for FY-2019/2020 approved by the Assembly.

Committee's Observations and recommendations

The Committee noted the advisory from the Auditor and the mitigation by management and recommended that the Senate clears the audit query.

3.3.1.21 A review of expenditure records on utilization of County Own Initiative funds established the following irregularities:

Utilization of funds without a training plan- Kshs.6, 879,600

3.3.1.22 Section 107(2) of the County Governments Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. However,

a review of payment vouchers revealed that Baringo County Health Department conducted various trainings and sensitization on COVID-19 pandemic of Kshs .6,879,600 without an approved training plan contrary to section 107(2) of the County Governments Act, 2012 as detailed below:

Table 11: Baringo County Training Expenditure

Date	Payee	Description	Amount (Kshs)
31-Mar-20	BCG IMPREST	Support towards Sensitization on COVID 19	354,000
28-Apr-20	BCG IMPREST	Community sensitization on preventive measures on COVID 19 - BCG IMPREST	1,887,500
8-Jun-20	BCG IMPREST	BCG IMPREST Community Sensitization and preventive measures against COVID 19 - Health	1,687,500
11-Jun-20	Muchiri Peter -	Training of BCRH ICU staff on preparedness for COVID 19 - Health	235,200
15-Jun-20	BCG IMPREST	BCG IMPREST -Facilitation of Awareness and Surveilance activities COVID 19 - Health	350,000
16-Jun-20	BCG IMPREST	BCG IMPREST -Facilitation of Awareness and Surveillance activities COVID 19 - Health	340,000
16-Jul-20	BCG IMPREST	BCG IMPREST -Facilitation of Awareness and Surveillance activities COVID 19 - Health	700,000
17-Jun-20	KSG KABARNET	KSG - IPC Training on COVID 19 - health	60,400
17-Jun-20	BCG IMPREST	BCG IMPREST -Facilitation of Awareness and Surveillance activities COVID 19 - Health	400,000
19-Jun-20	BCG IMPREST	BCG IMPREST - Support for case training on surge of malnutrition on COVID 19 - health	515,000
Date	Payee	Description	Amount (Kshs)

25-Jun-20	BCG	BCG IMPREST -Facilitation of Awareness	350,000
	IMPREST	and Surveillance activities COVID 19 -	
		Health	
		Total	**6,879,600**

Inadequate Competitive Bidding- Kshs 7,140,000

3.3.1.23 Article 227 of the Constitution of Kenya, requires that when a public entity contracts for goods or services, it shall do so, in accordance with a system that is fair, equitable, transparent, competitive and cost effective. Further, section 106 (2b) of the Public Procurement and Asset Disposal Act, 2015 provides that requests for quotations shall be given to as many persons as necessary to ensure effective competition and shall be given to at least three persons unless that is not possible. A review of the payment vouchers, Bid Quotations and CR 12 documents, established that, there was unfair competition in the following procurements contrary to Article 227 of the Constitution of Kenya:

i. A review of the Quotation No BRCG/QTN/29/2019-2020 for Supply of Medical drugs and its corresponding CR 12 forms revealed that, Simon Gitau Mugi, who is one of the Director and Owner of Grenas Enterprise Limited, is also a Director and one of the owners of Quryne Africa Limited Company. The two companies were among the five (5) which were invited to bid. According to the evaluation report, Grenas Enterprise was among the companies who were recommended for award of the tender. Grenas Enterprise was then awarded the tender to supply various equipment worth Kshs.6, 546,000.
ii. A Review of the Quotation number BRCG/QTN/25/2019-2020, for the Supply of Spraying pumps and CR12 for those companies that bid, established that, Hosea Kibet Cherono who is a Director at Hosol Company Limited is also a Director at Hoswin Venture Company Limited. According to the evaluation report, Hoswin was recommended for award and had so far supplied the County with the spraying pumps worth Kshs.594, 000.

Management Response

The Management submitted that the invited bidders for the supply of medical equipment's were not limited to the two companies namely Grenas Enterprises Limited and Quryene Africa Limited, rather six bidders were invited to bid. These are Ms.Pharmatrade Pharmacy Ltd, Ms. Grena Enterprises Ltd, Ms Caitra Pharma Ltd, Ms Quryene Africa Limited, MsCalita Merchants Ltd, and Magel Pharma Ltd. Therefore, even if Grenas Enterprises Limited and Quryene Africa Limited shared a director it could not affect competitiveness of the bidding process.

Further, It was not true that Hoswin Venture company Ltd was awarded the tender to supply Spray pumps worth Kshs. 594,000 rather it was awarded tender to supply Chlorine Granule (HTH) 65% concentrate as per quotation evaluation report where four bidders were invited namely Ms Rob Arch Ltd, Ms.Dafra, Ms.TensaInvestment Ltd and Ms.Hoswin Ven.Com. Hosol Company Ltd was

ANNEXURE 3.3.1.24

- **Tender evaluation report Supply of Chlorine Granule (HTH) 65%Concentrate.**
- **BRCG/QTN27/2019-2020**
- **Tender evaluation report Supply of spray pumps 20 liters**
- **BRCG/QTN/025/2019/2020**
- **Professional opinion paper Ref No. BRCG/P.O/QTN/VOL1/177/2019/2020**

Auditor's Remarks

The Auditor confirmed having verified all the submitted documents and were satisfactory.

Committee's Observations and recommendations

The Committee observed that the audit query had been mitigated and recommends that the Senate clears the audit query.

Inadequate preparation and support of payment vouchers- Kshs. 136,066,749

3.3.1.24 Section 5 of the Procurement Records Management Procedures Manual, 2008, provides that payment vouchers should capture details such as date when the payment vouchers were prepared and the respective account code. Further, the payment voucher should attach an extract of the procurement process so as to provide the linkage between the payment and the procurement process.

3.3.1.25 A review of payment vouchers established that all the payment vouchers amounting to Kshs. 136,066,749 did not have the date at which the payment voucher had been prepared and their Departmental voucher number had not been captured. It was further established that, the payment vouchers did not have extracts of procurement process so as to provide linkage between payment and procurement contrary to section 5 of the Procurement Records Management Procedures Manual, 2008.

Management Response

The Management submitted that payment vouchers used in the county treasury for payment of supplies i.e FO20 has date for preparation and examination of the voucher indicated. All payment vouchers paid have voucher numbers indicated as either R, D or as numerical number depending on whether the payment is for recurrent or development. Further, all the vouchers that were paid from the COVID-19 fund have supporting documents used in procuring the said item. The management submitted the following documents for verification: **Copies of payment** vouchers, COVID 19 Emergency and preparedness plan, Budget extract second supplementary budget FY

2019/2020, Budget extract first supplementary budget FY 2020/2021, CRF bank statement for June 2020 and the DANIDA Special Purpose Account Statement October 2020 for audit verification.

Auditor's Remarks

The Auditor confirmed having verified all the submitted documents and were satisfactory.

Committee's Observations and recommendations

The Committee observed that the audit query had been mitigated and recommends that the Senate clears the audit query.

Initiation of procurement proceedings without evidence of requisitions contrary to section 73 of the Public Procurement and Asset Disposal Act, 2015-Kshs. 1,285,500

3.3.1.26 Section 73 of the Public Procurement and Asset Disposal Act, 2015 and Regulation 22 (1) of the repealed Public Procurement and Disposal Regulations, 2006 require that every procurement be initiated through a purchase requisition which shall include all necessary information pertaining to the procurement.

3.3.1.27 A review of the payment vouchers from the Department of Water and Irrigation, established that payment voucher number 4, being payment for supply of water tanks for COVID -19 to the Baringo County Government worth Kshs. 264,000, dated 4 September, 2020 by Zapchii Contractors and payment voucher number 347, being payment for supply of water tanks for COVID -19 worth Kshs. 1,021,500, dated 26 June, 2020 by Meshlink Construction Limited lacked user requisition forms, hence we could not determine whether the procurement was triggered by a need. The water tanks had been delivered as at the time of audit. However, construction of the slab for mounting the tanks was ongoing.

Management Response

The management submitted that the Zapchii contractors were awarded contract to perform branding of COVID -19 plastic tanks of sizes 5000 litres and 120 litres on 8th July 2020. They also had a plan of provision of water to all residence of Baringo as part of the essential services required to be done in order to mitigate the spread of the Covid-19 pandemic. The county assembly of Baringo approved the allocation of Kshs. 30,000,000 to department of water and irrigation to mostly provide adequate water to institutions, towns, markets and any other public places which had high risk of in spreading the disease.

Further, the branding of all plastic tanks were done successfully and payment voucher prepared and submitted by department of water for payment.

According to Baringo, Meshlink Company was awarded contract to supply 500 units of 120 litres plastic tanks on 20th May, 2020. The contract was worth Kshs. 1,021,500 and the tanks were distributed to all ECDE schools in the county and intended services provided.

Auditor's Remarks

The Auditor noted the mitigation by management and recommended that the matter be retained in view in the subsequent audit cycle.

Committee's Observations and recommendations

The Committee noted the efforts by management in the mitigation efforts and supply of water to the people of Baringo during the emergency. The Committee noted that the matter of distribution of the tanks be retained in view in the subsequent audit cycle.

Accountability of Donations

Failure to value donations received in kind contrary to section 47 (8) of the PFM Act, 2012 and section 74 (4) of the Public Finance Management (County Government Regulations) of 2015

3.3.1.28 According to section 74 (4) of the Public Finance Management (County Government Regulations) of 2015 the recipient of a Grant or donation from a Development Partner shall record the amount or value of the Grant or donation in its books of accounts. During the period, 1 March to 31 July, 2020, the Baringo County Government received donations in kind relating to COVID-19 from both KEMSA and Safaricom. The goods were delivered, received and recorded accordingly in the Counter Receipts and stores cards. However, the County Government of Baringo County did not value and record the amounts of the donations received in the book of accounts contrary to section 47 (8) of the PFM Act, 2012.

Management Response

Baringo County submitted and agreed to receiving donations from KEMSA and Safaricom during the period of 1st March to 31st July 2020. The donations in kind were in form of PPEs, sanitizers and medical equipment. These commodities were entered in the bin cards and the use accounted for. However, the valuation of the donations was not done as the donors did not indicate the cost of the same during delivery. Due to the shortage, they issued the donations to the people immediately upon receiving so it was difficult for them to conduct a market survey to determine the price of the donated commodities.

Auditor's Remarks

The Auditor noted the need for the management to ensure valuation of donation and reflection of the nominal value in the Financial Statements of the County.

Committee's Observations and recommendations

The Committee observed that the items donated had been issued to the people and evidence of distribution submitted. The Committee recommends, that in future, the County should ensure that all the donations are valued and the value be reflected in the Financial statements of the County.

Financial and Non-Financial Reporting on COVID-19 funds

3.3.1.29 It was established that the County Government of Baringo submitted a financial report to the Controller of Budget on utilization of COVID-19 funds. According to the report, the County Government of Baringo had paid Kshs 105,533,452 and made commitments of Kshs. 106,933,100 as at 31 July, 2020. However, the special audit established that as at 31 July, 2020, the funds had been spent as follows:

Table 12: Baringo County Financial Reporting Analysis

	Particulars	Amount /Usage reported at OCOB (Kshs)	Amount confirmed by special audit as having been spent(Kshs)	Variance (Kshs)
1.	GOK Conditional Grant	0	9,080,688	(9,080,688)
2.	DANIDA funds	0	0	0
3.	County Own Source Revenue	212,466,552	176,193,812	36,272,740
4.	Frontline Health Workers	0	42,810,000	(42,810,000)
	Total	**212,466,552**	**228,084,500**	

3.3.1.30 The amounts for County Own Source Revenue as reported in the Controller of Budget report was actual payments of Kshs. 105,533,452 and commitments of Kshs. 106,933,100. The special audit established that the actual payments were Kshs. 136,066,749 and commitments were Kshs 40,127,063.

Committee Observation and Recommendation

The Committee recommends that the management endeavor to always submit both financial and non-financial reports to the controller of Budget and the Auditor General for verification.

Status of isolation/quarantine centers

3.3.1.31 It was confirmed that Baringo County had not achieved the 300 bed capacity requirement as per the Presidential Directive. However, the County had 3 isolation centers with only 18 beds. This were the Kaptimbor Health Facility, the AIC Eldama Ravine Health Facility and the Mogotio Health Facility which was under construction.

3.3.1.32 The special audit team visited the Kaptimbor Health Facility and the Mogotio

3.3.2 COUNTY GOVERNMENT OF BOMET

Planning, Budgeting and Financing

Absence of approved work plans, budgets, procurement plans and training plans

Specific to COVID-19 -Kshs.38, 085,000

3.3.2.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.2.2 The special audit established that the County Government of Bomet had in place a work plan, procurement plan, training plan and approved budget for the County Emergency Fund financed from its own source and the Conditional Grant received from the National Government.

3.3.2.3 On the contrary, there was no evidence of existence of approved budgets for DANIDA Funds (Kshs.6, 615,000) and Frontline Healthcare Workers Allowances (Kshs.31, 470,000) as detailed below:

Table 14: Planning and Budgeting

1	Approved work Plans	In place	Not Applicable	Not in place	In place
2	Budgets	In place	Not in place	Not in place	In place
3	Procurement Plans	In place	Not Applicable	Not in place	In place
4.	Training Plans	In place	Not Applicable	Not in place	In place

3.3.2.4 It is recommended that the County Government of Bomet should ensure that DANIDA funds and Frontline Health Care Allowances Funds are factored in the supplementary

budget estimates for the financial year 2020/2021.

Management Response

The Management submitted that the additional DANIDA funds and Frontline Health Care Allowances Funds allocations for COVID-19 were utilized as per approved work plan, procurement plan and training plan. These allocations were received after the budget 2020/21 had already been approved; however, this has been regularized in the proposed supplementary budget that is before the County Assembly for consideration (ref 1.2).

The letter from the Council of Governors, budget estimates, SRC circular, the July 2020 payroll extracts, approved work plan, procurement plan, training plan and the global database of our front-line workers paid allowances in payroll have been availed for audit verification and copies are attached herewith as Annex 1.

Auditor's Remarks

The Auditor confirmed that the documents submitted were satisfactory and that the management had since regularized through a supplementary budget.

Committee Observation and Recommendation

The Committee having noted the advisory from the Auditor and the mitigation by the Governor recommends that the Senate clears the audit query.

Amount of funds received by Bomet County Government including recipient bank accounts

3.3.2.5 The County Government of Bomet had various sources of funds for COVID-19 prevention and mitigation. These included Conditional Grants from the National Government, Frontline Health Workers Allowances from the Ministry of Health, DANIDA funding and County Own Source Funds. The total amounts of funds received by the Bomet County Government for COVID 19 activities were as detailed below:

Table 15: Amount of funds received in Bomet County

1	4 June 2020	GOK Conditional Grant	115,197,000	Central Bank of Kenya	1000171545
2	30 June 2020	DANIDA Funds	6,615,000	Central Bank of Kenya	1000171545
3	6 July, 2020	GOK Frontline Flealthcare Workers Allowances	31,470,000	Central Bank of Kenya	1000171545
		TOTAL	153,282,000		

3.3.2.6 As at 31 July, 2020, Government Conditional Grant and DANIDA funds had not been

Health Facilities. It was noted that the Kaptimbor Health Facility did not have enough space to cater for additional isolation beds as it had a maximum capacity of 10 beds while the AIC Eldama Ravine had a capacity of 8 beds. To increase the bed capacity of isolation centers, Baringo County opted to build a new Isolation Center in the Mogotio Health facility. As at the time of the audit, the construction was ongoing. The Mogotio isolation center once completed is expected to have additional 70 bed capacity bringing the total to 88 beds.

Committee Observation

The Committee observed the need for Baringo County to achieve the agreed level of Isolation Capacity to mitigate against the Covid-19 Pandemic.

Irregularities Weaknesses and Managerial Responsibility

3.3.1.33 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 13: Baringo County Irregularities, Weaknesses and Managerial Responsibility

					Recommendations
1	Absence of approved work plans and training plans	Section 107(2) of the County Government Act, 2012	265,996,000	County Government of Baringo	County Government to prepared work plans and training plans for efficient and effective use of funds
2	Utilization of funds without an approved budget and work plan	Section 135 (2) and (4) of the Public Finance Management Act, 2012 -	17,980,290	County Government of Baringo	County Government to prepare work plan and formalize approval of Budgets
3	Delay in opening the Special Purpose Account for COVID-19 Grant funds	The framework for the Management the of Conditional Grant	84,341,000	County Government of Baringo	Ensure compliance with set Regulations while managing COVID -19 activities

4	Delay in utilization of DANIDA funds	Value for Money Risks	5,670,000	County Government of Baringo	Prepared measures for immediate utilization of the funds in an efficient and effective manner and within
5	Absence of proper guidelines for validating the support staff	Absence of controls may lead to unlawfull utilization of	44,985,000	County Government of Baringo	Prepared appropriate guidelines and ensure compliance during
6	Initiation of procurement proceedings without evidence of	Section 73 of the Publi c Procurement and Asset	1,285,500	County Government of Baringo	Management to prepared measures to ensure compliance with the Public Procurement
7	Failure to value donations in kind	Section 74 (4) of the Public Finance Management (County		County Government of Baringo	Conduct valuation of donations and provide appropriate disclosures

Committee Observation and Recommendation

The Committee recommends that the Management implements the recommendations of the Auditor as reflected in the report to address the weaknesses, eliminate irregularities and strengthen the weaknesses. Further, the Management should put in place the necessary internal controls in order to enhance prudence in financial management.

spent and were still held at the Central Bank of Kenya, Bomet County Revenue Fund, and Account number 1000171545.

Management Response

The Management submitted that the county received a total of Kshs **153,282,000** in respect to COVID-19 interventions as per audit observations.

The inadvertent delay in transfer of the funds from County Revenue Fund Account to Bomet County COVID-19 Special Purpose Account was occasioned by the inconsistent communications from the ministry on the guidelines and framework for management of conditional grants coupled with the processes involved in opening the special purpose account.

The Approved Budget Estimates for FY2020/21, framework for the management of the Conditional Funds, CBK statement extract and the AIE that accompanied the funds have been availed for audit verification and copies are attached herewith as **Annex 2.**

Auditor's Remarks

The Auditor confirmed that the documents that include the Approved Budget Estimates for FY2020/21, framework for the management of the Conditional Funds, CBK statement extract and the AIE were satisfactory and that the management had since regularized through a supplementary budget.

Committee Observation and Recommendation

The Committee having noted the advisory from the Auditor and the mitigation by the Governor recommends that the Senate clears the audit query.

Utilization of COVID-19 funds by Bomet County Government

National Government Conditional Grants- Kshs. 115,197,000

3.3.2.7 As at 31 July, 2020, Ksh.115, 197,000, funds from the National Government Conditional Grant were still being held at the Central Bank of Kenya, Bomet County Revenue Fund Account number 1000171545. On 7 July, 2020 the County opened Bomet County COVID 19 Account Number 1000455055 at the Central Bank of Kenya. Consequently, an amount of Ksh. 115,000,000 was transferred from Bomet County Revenue Fund Account to the Bomet County COVID 19 Account Number 1000455055 leaving a balance of Ksh. 197,000 of the National Government Conditional Grant in the Bomet County Revenue Fund Account. The Management explained that the County Government of Bomet budgeted for Ksh.115, 000,000 in FY 2019/2020 and received Kshs.115, 197,000 from the National Treasury in the month of June 2020.The variance will be factored in FY 2020/2021 departmental proposals to be forwarded by the County Treasury to the County Assembly for consideration by the County Assembly in the first Supplementary

Budget Estimates for FY 2020/2021.

3.3.2.8 A review of the payment vouchers and bank statements indicated that as at 14 October, 2020, the County Government of Bomet had incurred an expenditure of Kshs.45,307,772 out of which Ksh.28,431,822 had been paid while commitments to various suppliers amounting to Ksh.16,875,950 were still outstanding. An amount of Kshs. 86,568,178 was still being held in the Bomet County COVID 19 Bank Account.

3.3.2.9 A review of the expenditures identified the following procurement irregularities on utilization of GOK Conditional Grants:

Irregular splitting of Contract for Supply, Delivery, Installation and Commissioning of Covid 19 Isolation Tent Wards at Koiwa Sub-County Hospital- Kshs.19,343,322

3.3.2.10 Section 54 (1) of the Public Procurement and Asset Disposal Act, 2015 states that no procuring entity may structure procurement as two or more procurements for the purpose of avoiding the use of a procurement procedure except where prescribed. The special audit established that the County Government of Bomet awarded tenders using Request for Quotation (RFQ) method for supply, delivery, installation and commissioning of four 50 Bed capacity Covid-19 Isolation tent wards at Koiwa Sub- County hospital at a total cost of Ksh.19,343,322 to 4 different firms as detailed in the table below;

Table 16: Irregular splitting of Contract in Bomet County

1	Tikasan Holdings Company Ltd	Supply, Delivery, Installation And Commissioning of 50 Bed Capacity Male Ward	4,819,950
2	Emiko Construction Company Ltd	Supply, Delivery, Installation And Commissioning of 50 Bed Capacity Female Ward	4,887,442
3	Floca Stationers and General Suppliers	Supply, Delivery, Installation And Commissioning of 50 Bed Capacity Female Ward	4,825,980
4	Wastagi Limited	Supply, Delivery, Installation And Commissioning of 50 Bed Capacity Male Ward	4,809,950
	TOTAL		**19,343,322**

3.3.2.11 The Management explained to the special audit that the fourth extra ordinary session of the National and County Governments Coordinating Summit on the Corona

virus pandemic held on 25 June 2020 passed a unanimous resolution requiring the 34 Counties that were yet to deliver the set minimum threshold of 300 bed isolation facility to do so within 11 days. As a result, the County procured the 4 units of the same design separately using the request for quotation method to beat the timelines of the 11 days.

Management Response

The Management submitted that based on the prevailing epidemiologic modeling of COVID-19 disease burden, the counties were required to increase their bed capacity in their isolation sites and increase ICU capacity. Previously, the Bomet County isolation sites total 95 beds comprising; Longisa Hospital-20, Tenwek Hospital-28, Koiwa Sub County Hospital-24, St Claire Kaplong Hospital–14, James Finlay–9. We were therefore required to increase bed capacity by at least 200 additional beds.

The Fourth Extraordinary session of the National and County Governments Coordinating Summit held on 25th June, 2020 unanimously resolved that the 34 counties (at the time Bomet County was among them) that were yet to deliver the set minimum threshold of 300 bed isolation facility(ies) should do so within the 11 days from 25th June 2020 (ref 3.2). The Bomet County Covid-19 Response Committee recommended putting up of 4 Tents each comprising 50 bed capacity fitted with Mechanical works with cemented floor and washrooms in each tent (ref 3.3).

In order to beat the timelines, two procurement methods were explored to address the urgency as provided for in the procurement plan i.e direct procurement and Request for Quotations (RFQ). Request for Quotations (RFQ) was preferred over direct procurement because it encourages competition which saves on cost and enhance participation of disadvantage groups (ref 3.4).

Further, while guided by the Public Procurement and Asset Disposal Act 2015 and attendant regulations, The Public Procurement and Asset Disposal Regulations, 2020 section 154 (1) which provides that procuring entity may for the purpose of ensuring maximum participation of citizen contractors, disadvantaged groups, small, micro and medium enterprises in public procurement, unbundle a category of goods, works and services in practicable quantities (ref 3.5). The four structures are distinct projects that were supplied, delivered installed and commissioned as standalone wards.

The unbundling of the projects into the four wards (Female Ward 1, Female Ward 2, Male Ward 1 and Male Ward 2) ensured competition and participation of the disadvantaged groups under Access to Government Procurement Opportunities (AGPO) (ref 3.4).

The resolutions of the Third and Fourth Extraordinary session of the National and County Governments Coordinating Summits, Bomet County Covid-19 Response Committee recommendations, prevailing laws and regulations have been availed for audit verification and copies are attached herewith as Annex 3.

Auditor's Remarks

The Auditor confirmed that county had satisfactorily mitigated on the Audit query.

Committee Observation and Recommendation

The Committee having noted the advisory from the Auditor and the mitigation by the Governor recommends that the Senate Clears the Audit Query.

Value for money risk on expenditures incurred on Isolation Tent Wards at Koiwa Sub-County Hospital- Kshs.19, 343,322

3.3.2.12 The special audit also queried the suitability of using tent wards bearing in mind that Koiwa Sub County Hospital is in a cold area and COVID 19 was affecting respiratory organs. The sustainability of the project post COVID19 would also expose the expenditure of Ksh.19, 343,322 to value for money risk. The Management submitted that the structures as designed by the County Public Works engineers are equipped with double layer membranes providing insulation and cold protection system from adverse elements. On the roadmap for the structures, the engineering integrity of the structure would withstand remodeling to permanent structures. The options for future use of the structures included; conversion into inpatient wards, rehabilitation unit, training facilities and conference facilities among others.

Management Response

The Management submitted that bearing in mind the timeline of 11 days Bomet County Covid-19 Response Committee after weighing all the options available recommended putting up of 4 Tents each comprising 50 bed capacity fitted with Mechanical works with cemented floor, washrooms, water system and bio digester at Koiwa sub-county hospital

Koiwa hospital through the CIDP was earmarked to be upgraded to level IV because of the space and geographical location (ref 4.2). The structures designed by the County Public Works engineers withstand remodeling to permanent structures geared towards upgrading of the hospital. The options for future use include conversion into inpatient wards, rehabilitation unit, and conference facilities among others. The structures have a lifespan of 10-15 years and are equipped with double layer membranes providing thermal control hence maintaining warm temperatures during cold seasons and conducive temperatures during hot seasons (ref 4.3)

The engineer's professional opinion on the suitability of the structures, CIDP extracts, designs by the County Public Works engineers and the official opening of Koiwa Covid-19 Isolation center have been availed for audit verification and copies are attached herewith as Annex 4.

Auditor's Remarks

The Auditor advised that, although the County had mitigated on the query and the engineer's professional opinion and suitability of the structure had been ascertained. The Audit Query should

be kept in view in the subsequent audit cycle to ascertain value for money and continuous checking.

Committee Observation and Recommendation

1. The Committee observed that management had availed to the auditor the engineer's professional opinion on the suitability of the structures, CIDP extracts, designs by the County Public Works engineers and the official opening of Koiwa Covid-19 Isolation center for audit verification.
2. The management had further adduced a video clip evidence of the Covid-19 Isolation centre for viewing by the Committee during Consideration of the Audit report and the Committee undertook to conduct an inspection at a later date.
3. The Committee further noted the mitigation by the Governor that Koiwa Hospital through the CIDP was earmarked to be upgraded to level IV because of the space and geographical location. The structure had a permanent foundation confirmed by the the County Public Works engineers.
4. The Committee noted that the Presidential directive to the Counties to comply within 21days and provide a 50 bed capacity isolation center necessitated the actions of the management.
5. The Committee observed that the Governor had satisfactorily mitigated against the audit query however, the matter of Koiwa Hospital should be retained in view in the subsequent audit cycle with a view of follow up on possible upgrade to permanent structures.

Value for Money Risks for the contract for Supply and Delivery of Bedside Lockers-

Kshs. 1,890,000

3.3.2.13 Section 33 (3) (a) of the Public Procurement and Asset Disposal Regulations, 2020, requires procuring entities to conduct market survey to inform placement of orders. A review of the procurement files indicated that Saibala Investment Ltd was awarded a contract to supply 100 bedside lockers at a unit price of Kshs. 18,900 and contract price of Kshs.1, 890,000. The professional opinion was done on 25 August, 2020 whereas the contract and acceptance letter by Saibala Investment Ltd were dated 27 August, and 28 August, 2020 respectively. There was no evidence that Bomet County Government conducted a market survey to determine the price of the items contrary to section 33 (3) (a) of the Public Procurement and Asset Disposal Regulations, 2020.

3.3.2.14 Bomet County did not avail to the special audit team the tender document and the specifications of the bed side lockers to be supplied for confirmation. During physical verification, the special audit noted that the bedside lockers supplied were locally made and of low quality; Linder the circumstances, value for money for the Ksh.1, 890,000 paid to the supplier for the bedside lockers could not been ascertained. The items were however

approved by the Inspection and Acceptance Committee of Bomet County.

Management Response

The governor informed the Committee that during the period under review, despite the market supply chain being unprecedentedly unpredictable compounded with skeleton staff during the pandemic period whereby most of the staff were working from home, the County Government of Bomet endeavored to conduct market surveys and float price according to prevailing market conditions. As a reference tool while making requisitions, the County used *KEMSA's Price Lists LMIS Sales Tool (ref 5.1)* as well as the Public Procurement Regulatory Authority (PPRA) Market Price Index Portal http://ppra.go.ke/market-price-index/ (ref 5.2). During the period under review, all the goods and services were procured at their prevailing market rates.

Due to the urgency nature of items that were required most of them were acquired locally as there was limited time for importation coupled with pursuit to promote local products. The bed side lockers that were procured met the specifications that were required.

The tender documents for the supply and delivery of bedside lockers, specifications, *KEMSA's Price Lists LMIS Sales Tool* as well as the Public Procurement Regulatory Authority (PPRA) Market Price Index Portal extracts have been availed for audit verification and copies are attached herewith as **Annex 5**.

Auditor's Remarks

The Auditor verified that the County used KEMSA's Price Lists LMIS Sales Tool and the PPRA Market Price Index as reflected in the adduced evidence. The documents have been verified and the query is resolved.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Auditor and the recommendation by the Committee recommends that the Senate clears the audit query.

County Own Funds

Commingling of COVID-19 funds with normal departmental operations

3.3.2.15 The County Government of Bomet, appropriated Ksh.155 million for COVID-19 Prevention and Emergency Response Measures on 21 April 2020, from County Own Funds in the first Supplementary budget estimates for financial year 2019/2020.

3.3.2.16 Section 100 of the Public Finance Management (County Governments) Regulations, 2015 requires Accounting Officers to keep a cash book showing the receipts and payments in all offices concerned with receiving cash or making payments, and to maintain such other books and registers as may be necessary for the proper maintenance

and production of the accounts of the vote for which he or she is responsible. On the contrary, the special audit noted that, there was commingling of COVID-19 funds and the normal Health Department Operations funds since the same cashbook was used. As a result, it was not possible to separate Covid-19 and non Covid-19 expenditure.

Management Response

The Governor, informed the Committee that, following the announcement and confirmation by the Government of COVID-19 cases in the Country, the County in collaboration with our stakeholders scaled up emergency preparedness and response protocols to support the National efforts geared towards minimizing the spread of the disease.

The County re-allocated funds through the County Assembly First supplementary budget for FY2019/2020 (ref 6.1) in response towards Covid-19 prevention and emergency response measures as well as routine services such as transfers to health facilities, laboratory reagents, medical drugs and renal commodities. This was in line with the policy direction for continued routine services provision at the backdrop of the pandemic (ref 6.2). The County implemented a program-based budget as set out in the County Fiscal Strategy Paper.

The reallocated funds were meant to enhance the operations and service delivery in our health facilities to combat the pandemic. The voted programs were the same as those normally run by the department of medical services and this did not in any way meant commingling but rather enhancing the normal operations as all the voted provisions appropriated in respect to this were fully accounted for in full as required by law. This was in preparation for an upsurge of Covid-19 cases as well as provision of routine service.

The supplementary budget for FY2019/2020 and the Ministry of health's policy guidelines were availed for audit verification.

The Auditor confirmed verification of the supplementary budget for FY 2019/2020.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Governor and the advisory from the auditor recommends that the Senate clears the audit query.

DANIDA Funds

3.3.2.17 On 11 August 2020 the Director Public Health and Sanitation requested for transfer of funds to various level 2 and 3 health facilities. The special audit confirmed that Ksh.6, 615,000 were transferred to level 2 and 3 health facilities.

Absence of approved budgets for the Frontline Healthcare Workers Allowances received from Ministry of Health -Kshs.31, 470,000

3.3.2.18 The Salaries and Remuneration Commission approved payment of COVID -19 Medical Emergency Allowances and Benefits to Frontline Health Workers vide a letter Ref no SRC/TS/COG/3/61/48. The County Government of Bomet received Ksh.31, 470,000 from the Ministry of Health on 6 July, 2020 for payment of Frontline Healthcare Workers Allowances. The County Assembly appropriated an additional Ksh. 16,000,000 for extraneous health Allowances in the first supplementary budget for the financial year 2019/2020. The County Government of Bomet paid Ksh.31, 830,000 to 792 frontline healthcare workers through the IPPD payroll in July, 2020. An additional 384 frontline healthcare workers were paid Ksh.9, 340,000 through the HRSS payroll in July, 2020. All frontline healthcare workers deployed in Bomet County health facilities had been paid the Covid-19 emergency Allowances.

3.3.2.19 Section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for where a need has arisen for expenditure for a purpose for which no money has been appropriated by the Act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires a County Government to present supplementary budgets to the County Assembly within 2 months to formalize the spending. There was no evidence that the Ksh.31, 470,000 received by Bomet County from the Ministry of Health for payment of frontline healthcare Workers Allowances had been appropriated by the County Assembly to comply with this requirement.

Management Response

The governor informed the Committee that the allowances for front line health workers were processed through payroll together with salaries for the month of July 2020 and were all paid in August 2020 (ref 1.4) as per SRC circular SRC/TS/COG/3/61/48 (ref 1.3) dated 28th April 2020.

The Frontline Health Care Allowances Funds allocations for COVID-19 were utilized as per approved work plan, procurement plan and training plan. These allocations were received after the budget 2020/21 had already been approved; however, this has been regularized in the proposed supplementary budget that is before the County Assembly for consideration (ref 1.2).
The proposed supplementary budget has been availed for audit verification and a copy submitted to the Auditor for verification.

Auditor's Remarks

The Auditor observed that the matter has since been regularized through a supplementary budget and allowances paid. The matter stands resolved.

Committee Observation and Recommendation

The Committee noted that the matter had been resolved and recommends that the Senate clears the audit query.

Financial and Non-Financial Reporting on Covid-19 funds

3.3.2.20 Section 54(1) of the Public Finance Management (County Governments) Regulations, 2015 states that the Accounting Officer of a County Government entity shall not later than the 10th day of each month submit a monthly financial and non- financial budgetary report in the format to be issued by the Cabinet Secretary relating to the activities of his or her County Government entity for the preceding month to the County Treasury, with copies to the Controller of Budget and the Auditor-General. The special audit established that the County Government of Bomet submitted Covid 19 funds utilization report as at 31 July, 2020 to the Controller of Budget for the conditional Grant only.

Non-Financial Report

3.3.2.21 The Chief Officer Medical Services presented a COVID 19 Status Report to the special audit. The County Departmental Health Technical Committee was tasked to handle Covid 19 prevention and guidelines. The County also established a Covid 19 Emergency Response Team chaired by the Governor and the County Commissioner. Training of healthcare workers to handle Covid 19 had been done. The County had also set up four active Covid 19 isolation and treatment facilities.

Table 17: Non-Financial Report-Bomet County

Current Covid -19 statistics:	
Cumulative cases	203
Health Care workers infected	35
Cumulative deaths	19
Cumulative health facility isolation	89
Cumulative homebased isolation care	104
Cumulative discharges	73
Cumulative discharges from health facility	65
Cumulative samples tested	1607

COVID-19 Programme results

3.3.2.22 The County Government of Bomet had achieved the following milestones using the Covid-19 funds:

Table 18: COVID-19 Programme results in Bomet County

1	4 (50 bed each) Isolation Tent wards at Koiwa Sub County Hospital totaling to 200 bed capacity	19,343,322	23,099,459	42,442,781
2	Longisa and Mogogosiek Wards		31,531,286	31,531,286
	Total			**73,974,067**

Other-Audit observations

Pending Bills

3.3.2.23 As at 20 October, 2020, the County Government had incurred pending bills amounting to Kshs.16, 875,950 on conditional Grants and Kshs.9, 794,030 on County Own Funds. The Management explained that the pending bills were as a result of items being in different stages of procurement, delivery and payment.

Management Response

The governor informed the Committee that the outstanding commitments amounting to Kshs. 16,875,950 on conditional Grants and the pending bills amounting to Kshs. 9,794,030 on County Own Funds accrued as a result of supplies and services procured but not been paid because the items were in different stages of procurement, delivery and payment. However, all the commitments and pending bills that were outstanding at the time of audit have since been paid

The status report on payments of the pending bills has been availed for audit verification and a copy is attached herewith as **Annex 9**.

Auditor's Remarks

The auditor confirmed that the documents adduced indicated that all Pending Bills have been settled. The matter should be kept in view in the subsequent Audit Cycle.

Committee Observation and Recommendation.

The Committee noted that the Pending Bills as relates to Covid-19 as reflected at the time of Audit have since been settled. However, the matter of pending Bills should be retained in view in the subsequent Audit cycle.

Accountability Risks for Donations received from KEMSA

3.3.2.24 A review of dispatch records from KEMSA and receipt records by the County Government of Bomet indicated that there were inconsistencies between the quantities supplied by KEMSA and the quantities received by the County Government of Bomet as detailed in the table below;

Table 19: Accountability of Donations in Bomet County

1	Masks	104	602	(498)
2	Non-Woven masks	1000	1000	
3	Face shield	1585	20	1565
4	Shoe covers	100	0	100
5	Gloves	21	11,500	11,479
6	Sanitizer	12- 100ml		
7	Goggles	50	14	36
8	Disposable gowns	80	0	80
9	Coveralls	180	27	153
10	KN95 Masks	4256	4060	196
11	Soap	0	5760	(5760)
12	Thermometer Guns	0	1	(D
13	Ventilators	2	2	-
14	PPE Gear	0	15	(15)

3.3.2.25 Section 74 (4) of the Public Finance (County Government) Regulations, 2015

requires that where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year. There was no evidence that the Management of Bomet County Government had valued donations and reflected the value in its books of accounts contrary to section 74 (4) of the Public Finance Management (County Government) Regulations, 2015.

Management Response

The Governor, informed the committee that all the items (grants and donations) received from KEMSA were taken on charge immediately they were received in stores ledger and stock control cards (S3 Cards) in line with the provision of Section 162 (1) of the Public Procurement and Asset Disposal Act that provides that all received inventory, stores and assets shall be taken on charge before being utilized.

The management was unable to value the items in question because most of the items were not tagged to their prices but the management will endeavor to seek for nominal value for all the donations received from all the donors for valuation and inclusion in the financial report for FY2020/21

The summary of all donations (ref 8.1), counter requisition S11 (ref 8.2) received from KEMSA during the period under review were availed for audit verification and copies attached.

Auditor's Remarks

The Auditor confirmed that a consolidated list of donations had been submitted and verified.

Committee's Observation and Recommendation

1. The Committee noted the advisory from the Auditor that a list of donations had been submitted for verification and recommends that all donations be taken into charge in the donations register and entered into their respective bin cards.
2. The management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.
3. The Committee recommends that the records be verified in the subsequent audit cycle.

Irregularities, Weaknesses and Managerial Responsibility

3.3.2.26 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 20: Irregularities, Weaknesses and Managerial Responsibility in Bomet County

	Irregularity / Weakness	Risk / Law violated	Amount (Kshs)	Responsibility	Recommendations
1	Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 resulting in failure to utilize Government grants	Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County	38,085,000	County Government of Bomet	Management to enforce controls to ensure they put in place approved work plans, budgets, training and procurement plans to facilitate spending.
2	Irregular splitting of Contract for Supply, Delivery, Installation and Commissioning of Covid 19 Isolation Tent Wards at Koiwa Sub-County Hospital	Section 54 (1) of the Public Procurement and Asset Disposal Act, 2015 that requires tenders not to be split	19,343,322	County Government of Bomet	Management
3	Value for money risk on expenditures incurred on Isolation Tent Wards at Koiwa Sub-County Hospital	Value for money risk	19,343,322	County Government of Bomet	Management to re-evaluate the project concept and provide appropriate mitigation on value for money risks
4	Value for Money Risks for the contract for Supply and Delivery of Bedside Lockers	Value for money risk	1,890,000	County Government of Bomet	Management to re-evaluate the project concept and provide appropriate mitigation on value for money risks
5	Commingling of COVID-19 funds from own source revenue with normal departmental operations	Accountability Risks	-	County Government of Bomet	Funds should be subjected to further investigations to ascertain any loss
6	Absence of approved budgets for Frontline Healthcare Workers Allowances received from Ministry of Health –	Section 135 (2) and (4) of the Public Finance Management Act, 2012 requires a County Government to present supplementary budgets to the County Assembly within 2	31,470,000	County Government of Bomet	Management to ensure the amounts are presented in supplementary budget and approved appropriately

	Irregularity / Weakness	Risk / Law violated	Amount (Kshs)	Responsibility	Recommendations
		months to formalize the spending			
7	Inconsistencies between the quantities of donations supplied by KEMSA and quantities received by the County Government of Bomet	Accountability Risks	-	County Government of Bomet and KEMSA	Further investigations to be conducted to ascertain any loss

Management Response

The Governor submitted that unlike the annual/normal audits the management did not get an opportunity to know in advance the issues raised and respond to before they were escalated as provided for under Section 31 of the Public Audit Act, 2015. However, in response to this the management has now supplied all the required evidence and supportive documents for audit verification.

Committee Recommendation

The management should take note of the weakness observed and endeavor to put in place the necessary internal controls in order to enhance prudence in financial management.

3.3.3 COUNTY GOVERNMENT OF BUNGOMA

Planning Budgeting and Financing

Absence of approved work plans, budgets, procurement and training plans specific to COVID-19- KSHS.106, 305,000

3.3.3.1 Section 107(2) of the County Government Act, 2012 requires that the County Government plans shall be the basis for all budgeting and spending in a county. Section 53 (2) and (5) of the public procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on the indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act 2012 requires County Assemblies to approve budget estimates and supplementary budget estimate of County Governments.

3.3.3.2 The special audit established that the County Government of Bungoma rolled out activities without work plans in place and the reason provided was the emergencies prevalent during that period. In addition, the Chief Officer Health explained that given that the funds were from Emergency Funds vote, work plans are not usually done. The approved budget in place covered Emergency fund and National Covid-19 Grant. Approved procurement plans for Own County Funds and National Covid-19 grants were provided but none of the other funds had approved procurement plans in place. In respect to training, no training plans were made citing the emergency nature of the Covid-19 pandemic.

3.3.3.3 Further details are provided in the table below:

Table 21: Planning and Budgeting for Bungoma County

		GOK Grant	GOK Health Workers Allowances	DANIDA	County own fund	KDSP
1	Approved work plans	Not in place	Not in place	Not in place	Not in place	Not in place
2	Budgets	In place	Not in place	Not in place	In place Kshs.50,000,000 by cabinet note	Not in place
3	Procurement plans	In place	Not applicable	Not in place	Not in place	Not in place
4	Training plans	Not in place	Not in place	Not in place	Not in place	Not in place

3.3.3.4 The Management explained that the absence of approved budgets, training plans and procurement plans was because funds received from the National Government towards end of the financial year 2019/2020 after counties had already concluded preparation of the 2020/2021 financial year budget estimates and because of the emergency nature of the pandemic.

Management Response:

a) Comments

i. GOK Grant

This was grant from the National Ministry of Health to undertake a number of activities in relation to response to Covid-19.

The Management notes the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan – The work plans for the implementation of the Programme are prepared by the County Executive was prepared and approved by the County Assembly, Health Committee
  Appendix 001(a) – Work Plan and Extract of the Report of the County Assembly Health Committee

- ✓ Budget – The County Government budgeted for Kshs. 213,714,000 under the economic item 2640503 in the year 2019/2020. The Budget was approved by the County Assembly(2nd Supplementary Budget)
  Appendix 001(b) – Extract of the Approved Budget (Both Itemized and Programme Based – Page 418)

- ✓ Procurement Plan – A Procurement Plan was revised and aligned to the 2nd Supplementary Budget 2020/2021
  Appendix 001(c) – Extract of the Procurement Plan as extracted from IFMIS

- ✓ Training Plan – The training plan was part of the Approved Work Plan 2019/2020. The specific requirements in regard to the content and the targeted number were specified in the User Requisitions.
  Appendix 001(d) – Extract of the Training Plan and User Requisitions)

ii. GOK Health Workers Allowances

The Management takes note of the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan – The work plans for the implementation of the Programme are prepared by the County Executive was prepared and approved by the County Assembly, Health Committee

Appendix 002(a) – Work Plan and Extract of the Report of the County Assembly Health Committee

- ✓ Budget – The amount was budgeted for in the year 2020/2021. The amount was received on 6th July, 2020 and budgeted for in the year 2020/2021
  Appendix 002(b) – Extract of Original Budget 2020/2021(Itemized and Programme Based Budget)

iii. DANIDA

The Management agrees with the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan – These were funds received as an emergency funding to supplement the initial funding by the donor. The funds are distributed based on financing agreement between the DANIDA and the Government of Kenya. The disbursements to the health centers and dispensaries have traditionally been distributed based on the workload as determined by the data from the District Health Information System. An AIE is subsequently issued to guide the facilities on spending based on the requests from the facilities
  Appendix 003(a) – Guidelines, Sample AIEs and Proposed Facility Work Plans

- ✓ Budget – The amount Grant was an additional grant received on 30th June, 2020 when the budget making process and approval had been finalized. The amount has since been included in the proposed Supplementary Budget
  Appendix 003(b) – Extract of the Approved Budget (Both Itemized and Programme Based – Page 418)

- ✓ Procurement Plan – The Procurement Plan will be revised and aligned to the budget

- ✓ Training Plan – The funds were not to be used on trainings, but other operations aimed at running the hospitals, health centres and dispensaries
  Appendix 003(c) – Extract of the Training Plan and User Requisitions)

iv. County Own Fund(Emergency Fund)

The Management agrees with the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan and Training Plans – The County Own Fund is the County Established Emergency Fund that enables payments to be made in respect urgent and unforeseen need for expenditure for which there is no specific legislative authority. Given the nature of the unforeseen events and activities whose payments are advanced from the Fund, it was not possible to include the specific activities in the work plan. However, approved spending plans were included in the User Requisitions.

Appendix 004(a) – Extract of the Approved Budget 2019/2020(Itemized budget and the Programme Based Budget)

- **Action** – The County Government has since revised the Disaster And Emergency Management Act and Regulations so as to address the various weakness in internal controls in regard to budgeting and planning

  Appendix 004(b) – Revised Disaster and Emergency Management Act and Regulations, 2020)

v. Kenya Devolution Support Programme

The Management takes note of the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan – The work plans for the implementation of the Programme are prepared by the County Government for approval by the Ministry of Devolution and ASALs.

  Appendix 005(a) – Approval letter and work plan

- ✓ Budget – The County Government budgeted for Kshs. 30,000,000 under the Kenya Devolution Support Programme in the year 2019/2020. The Budget was approved by the County Assembly (Original Budget)

  Appendix 005(b) – Extract of the Approved Budget (Both Itemized and Programme Based)

- ✓ Procurement Plan – A Procurement Plan was prepared and aligned to the Original Budget 2020/2021

  Appendix 005(c) – Extract of the Procurement Plan as extracted from IFMIS

- ✓ Training Plan – The training plan was part of the Approved Work Plan 2020/2021

  Appendix 005(d) – Extract of the Training Plan)

The KDSP funds were allocated through the County Allocation of Revenue Act, 2019 for the Financial Year 2019/2020.

vi. Status of implementation of the recommendations

In relation to the recommendation listed as Item No. 3.3.3.5, the current status is as follows;

- KDSP funds were already included in the Original Budget 2019/2020
- Health Care Allowances funds were budgeted for in the Original Budget 2020/2021

The status of the Work Plans and Procurement Plans is as indicated in the items above. Going forward, the Management commits to ensure that such documents are availed to the auditors on time.

Auditor's Remarks

The Auditor confirmed that the submitted documents have been verified satisfactorily and the management has since complied and the audit query stands resolved.

Committee Observation and Recommendations

1. The Committee recommends that the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans in future. This will mitigate funds value for money risks.
2. The Committee having noted the mitigation by Management and the advisory from the auditor recommends that the Senate clears the audit query.

Amount of funds received by Bungoma County Government including recipient bank accounts.

3.3.3.3.6 The total amount of funds received by the Bungoma County Government for COVID19 activities were as detailed below:

Table 22: Funds received for Bungoma County

	Source	Amount(Kshs)	Bank name and Branch	Recipient bank account
1	GOK Conditional Grant	213,714,000	County Revenue Fund	1000171518
2	DANIDA Funds	9,975,000	County Revenue Fund	1000171518
3	GOK Health Workers Allowances	66,330,000	County Revenue Fund	1000171518
4	**County own source Revenue**			
	a) County covid 19 Emergency fund	50,000,000	County Revenue Fund	1000171518
5	Kenya Devolution Support Programme	30,000,000	County Revenue Fund	1000171518

Auditor's Remarks

The Auditor confirmed receipt of documents that have been verified satisfactorily and the Audit query has been resolved. The auditor however noted that had the information been provided in a timely manner the query would never have arisen.

Committee Observation and Recommendation

The Committee having noted the advisory of the Auditor and the mitigation by the management recommended that the Senate clears the Audit query.

3.3.3.7 As at 31st July, 2020, the funds from the National Government Grant had not been used, but were still held at the KCB account number 1275126375 with a balance of 167,155,860 as on 30th December, 2020. The County Government of Bungoma had also received a total amount

of Kshs.9, 975,000 DANIDA Funds in its County Revenue fund (CRF) account which were later transferred to a Special Purpose Account, account number 1000342099. As at 31July, 2020, DANIDA funds had been disbursed to the Health facilities bank accounts except for Kshs. 388,770 that was still in the Special Purpose Account. As at 31 September, 2020, approximately Kshs. 5,190,481 of DANIDA Funds had been utilized by health facilities leaving a balance of Kshs. 4,784,519. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.3.8 It is recommended that the County Government of Bungoma should quickly plan to utilize the National covid-19 grant and the remaining balance of DANIDA funds efficiently and effectively to address the emerging COVID-19 related risks so as to realize value for money.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) Comments

i. Balance of Kshs. 388, 770 in DANIDA Special Purpose Account

The amounts in the bank related to the disbursements due in relation to six dispensaries. The amounts have since been transferred to the dispensaries on the dates indicated below;

Facility	**Amount(KShs.)**	**Reason for delayed disbursement**	**Date of disbursement**
Lukhuna dispensary	77,590.20	Wrong bank account(Return to drawer)	01/12/2020
Karima dispensary	28,934.80	Underfunding	01/12/2020
Tabani dispensary	63,190.20	Year closed before the payment had been effected	01/12/2020
Sitikho dispensary	83,652.60		01/12/2020
Sulwe dispensary	59,049.40		08/12/2020
Tamlega dispensary	76,352.60	Wrong account name(Return to drawer)	01/12/2020
Total	**388,769.8**		

Appendix 006(a) – Extract of the Bank Statement

i. Unutilized balance of Kshs. 4,787,519(DANIDA funds)

The Management had issued approvals of work plans and AIEs for utilization of Kshs. 5,190,481 to the facilities as at 30th September, 2020 as reported by the auditor. Approvals of work plans and issuance of AIEs to health facilities for an amount of Kshs. 4,784,519 in relation to XX facilities had not been granted by the time of the audit. These approvals of the work plans from the facilities were eventually granted and AIEs issued as per the attached appendix.

Appendix 006(b) – Schedule of facilities

Appendix 006(c) – Approved work plans and AIEs

ii. Utilization of remaining balance of National Covid-19 Grant and DANIDA Funds

In relation to the recommendation listed as Item No. 3.3.3.8, the current status of utilization of funds is as follows;

Grant	**Amount(KShs.)**		
	Received	**Balance as at the time of the audit**	**Balance as at 4th May, 2021**
National Covid-19 Grant	213,714,000	167,155,860	74,626,851.85
DANIDA Fund	9,975,000	4,787,519	0
Total	**223,689,000**	**171,943,379**	**74,626,851.85**

Auditor's Remarks

The Auditor confirmed receipt of documents that the documents have been verified satisfactorily. The Committee further recommended that the Audit query be resolved.

Committee's observation and Recommendations

1. The Committee observed that the Governor should ensure that in future the Bank Accounts should be verified before funds are disbursed. That although in this case the money did not go to wrong hands, such errors can put funds to risk.
2. The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily and reconciliations done, recommends that the Senate clears the audit query.

Utilization of COVID-19 Funds.

GOK conditional Grant and own Emergency fund

3.3.3.9 As at 31 July, 2020, the funds from the National Government Grant had not been used, but were still being held at KCB Bungoma account number 1275126375. As at the time of audit on 30 September, 2020, Ksh. 46,558,140 had been utilized with a balance of Ksh.167, 155,860 as at 30 September, 2020.

Management Response:

The Management agrees with the auditor's finding. The funds were progressively used and the current balance is Kshs. 74,626,851.85 as at 4th May, 2015. The outstanding amounts relate to the items listed in **Appendix 007** whose contract implemented are at various stages.

The amounts will be progressively utilized based on contracts that have been executed and whose deliverables have been valued, inspected and accepted.

Appendix 007 – Listing of outstanding payments (including the status)

Auditor's Remarks

The Auditor confirmed receipt of documents and that the documents have been verified satisfactorily and the Audit query has been resolved.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily, recommends that the Senate clears the Audit query.

3.3.3.10 According to expenditure reports and payment vouchers the County Government spent Ksh.22, 400,000 for the renovation of 5 isolation centers namely Bumula, Malakisi, Nalondo, Ngalasia, and Miendo. The team did not visit any of these centers due to limited time, however the Bungoma Referral Hospital, was visited a designated treatment center whose renovation budget of Ksh.5.5 million came from the Hospital's Own Kitty which the County reimbursed from the Own County Funds. Documentation of the process was not provided and it was noted in the expenditure report as other operating expenses. This brings total funds used for renovation of isolation centers to Ksh.27, 900,000 and not the reported Ksh.22, 400,000.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

a) Status of isolation centres

The current status of the centres is as follows;

Centre	Amount(KShs.)	Current status
Bumula	3,114,460	Complete
Malakisi	5,630,350	Complete
Nalondo	Process cancelled	N/A
Ngalasia	3,310,420	Complete
Miendo	6,496,975	Complete

The Management has not been able to identify the project referred to as a treatment centre at Bungoma Referral Hospital. The Management will provide supplementary response once a clarification is given.

Auditor's Remarks

The Auditor confirmed receipt and verification of documents on evidence of borrowing and the imprest of 500,000 and confirmed that the audit query has been resolved.

Committee Observation and Recommendation

The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily, recommends that the Senate clears the audit query.

GOK Health Workers Allowances

Underfunding of the frontline workers allowances by the National Government-Ksh. 7,576,612

3.3.3.11 The audit team established that the appropriated amount for the Frontline Health Workers Allowances was Kshs. 66,330,000, however, a total payment of Kshs. 73,906,612 was made. This resulted in a variance of Kshs.7, 576,612 which was charged to the salaries vote of the County Government.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

a) The underfunding occurred because the National Government used the Health Workers' data that was sent to the County Government in the year 2018 during a strike by Health Workers so as to facilitate Collective Bargaining Agreement. Therefore, the allowances did not include the employees employed by the County Government from after the year 2018.
b) This underfunding was accommodated into the County Government's own budgetary provision
c) The actual payments were Kshs. 73,868,870.97. This resulted in a variance of Kshs. 7,538,870.97

Appendix 008 – List of employees employed after the year 2018 (Accounting for Kshs. 7,538,870.97)

Auditor's Remarks

The Auditor confirmed receipt of documents and that the documents have been verified satisfactorily and the Audit query has been resolved.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily recommends that the Senate clears the Audit query.

3.3.3.12 It was observed that the payment for Allowances were made with July, 2020 salary payment amounting to Kshs.72, 131,612. Personnel who were not included in the list of beneficiaries for the Allowances but are legible were paid with the August salary totaling to Kshs. 1,775,000 as detailed below. As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent. The Payroll Manager, explained that the budget had been done by the National Treasury who only considered health workers in IPPD therefore failing to capture staff outside IPPD.

Table 23: Payment to frontline health workers in Bungoma County.

Appropriated Kshs	66,330,00
Utilized in July,2020 salary (Kshs)	72,131,612
Utilized in August,2020 salary (Kshs	**1,775,000**
Total Utilized (Kshs)	73,906,612
Variance/Extra payment (Kshs)	**7,576,612**

Management Response:

As earlier explained, the Management disagrees with the auditor's finding and would wish to comment as follows;

- ✓ Approved work plan – The work plans for the implementation of the Programme was prepared by the County Executive and approved by the County Assembly, Health Committee

  Appendix 009(a) – Work Plan and Extract of the Report of the County Assembly Health Committee
- ✓ Budget – The amount was budgeted for in the year 2020/2021. The amount was received on 6th July, 2020 and budgeted for in the year 2020/2021

Appendix 009(b) – Extract of Original Budget 2020/2021(Itemized and Programme Based Budget)

Auditor's Remarks

The Auditor confirmed receipt of documents that the documents have been verified satisfactorily and the Audit query has been resolved.

Committee observation and recommendation

1. The Committee recommends that in future appropriate consultation should be made between the National and the County Government to ensure that accurate numbers of frontline employees to be paid at the County level are generated. This will mitigate risks of potential labor unrest among workers and distortion of County payroll budgets.
2. The Committee noted that the national government through the Directorate of Personnel services is charged with capturing data on employees in the IPPD. The Committee,

therefore, recommends that the Directorate of Personnel services should be prompt in ensuring that the data forwarded by the counties is captured.

3. The Committee further recommended that the County executive should actively engage the Directorate of Personnel services to ensure that all health workers are entered in to the IPPD.
4. The Committee having noted the advisory from the auditor and mitigation from the management, recommends that the Senate clears the audit query.

Double payment of Allowances amounting to Kshs. 30, 000

3.3.3.14 The Salaries and Remuneration Commissions' (SRC) letter to the National Treasury Ref.No. SRC/TS/COG/3/61/48 dated 28A pril, 2020, and subsequent response from the National Treasury vide letter Ref.No.TNT/CONF 356/01 TY (28) dated 5 May, 2020, advised that, payment of COVID-19 Medical Emergency Allowances for the Frontline Healthcare workers be made for a period of three (3) months with effect from 1st April, 2020.

3.3.3.15 Analysis of the July and August, 2020 payroll data, indicated that there was a double payment to a staff member personal file number 2007079389 who was paid Kshs. 30,000 twice, in the month of Augustamounting to a total of Kshs. 60,000. This contravenes SRC circular and there was evidence that recoveries had been done as at the time of audit.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) The Officer was of Personal Number 2007070389, not 2007079389
b) The Management acknowledges that the name of the employee was erroneously included in the list of August, 2020 beneficiaries. However, the same was recovered from the Officer.

Appendix 010 – Extract from IPPD

Auditor's Remarks

The Auditor confirmed receipt of IPPD document and verified the deductions. The Auditor confirmed receipt of the pays lips and that they had verified the information and found the information satisfactory.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor recommends that the Senate clears the audit query.

DANIDA Funds.

3.3.3.16 The County Government of Bungoma, received a total amount of Kshs.9,975,000 DANIDA Funds in its County Revenue Fund (CRF) account which was letter transferred to a Special Purpose Account, account number 10003442099. As at 31 July, 2020 DANIDA funds

had been disbursed to the health facilities' bank accounts except for Kshs.388, 770 that was still in the Special Purpose Account. As at 31 September, 2020. Approximately Kshs.5, 190,481 of DANIDA funds had been utilized by the health facilities leaving a balance of Kshs.4, 784,519. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

I. Balance of Kshs. 388, 770 in DANIDA Special Purpose Account

The amounts in the bank related to the disbursements due in relation to six dispensaries. The amounts have since been transferred to the dispensaries on the dates indicated below;

Facility	Amount(Kshs.)	Reason for delayed disbursement	Date of disbursement
Lukhuna dispensary	77,590.20	Wrong bank account(Return to drawer)	01/12/2020
Karima dispensary	28,934.80	Underfunding	01/12/2020
Tabani dispensary	63,190.20	Year closed before the payment had been effected	01/12/2020
Sitikho dispensary	83,652.60		01/12/2020
Sulwe dispensary	59,049.40		08/12/2020
Tamlega dispensary	76,352.60	Wrong account name(Return to drawer)	01/12/2020
Total	**388,769.8**		

II. Unutilized balance of Kshs. 4,787,519(DANIDA funds)

The Management had issued approvals of work plans and AIEs for utilization of Kshs. 5,190,481 to the facilities as at 30th September, 2020 as reported by the auditor. Approvals of work plans and issuance of AIEs to health facilities for an amount of Kshs. 4,784,519 in relation to XX facilities had not been granted by the time of the audit. These approvals of the work plans from the facilities were eventually granted and AIEs issued as per the attached appendix.

Appendix 011(a) – Schedule of facilities

Appendix 011(b) – Approved work plans and AIEs

Appendix 011(c) – Extract of the bank statement (DANIDA)

Auditor's Remarks

The Auditor confirmed receipt of documents including the schedule of facilities, approved work plans and AIEs, Bank statements on DANIDA funds and that the documents have been verified satisfactorily. The Auditor noted that the audit query has been resolved.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily, recommends that the Senate clears the audit query.

Double payment of Kshs.147, 038 to Mukwa Dispensary

3.3.3.17 The special audit established that some of the dispensaries did not have an IFMIS system and hence their allocation was sent though one of the Health centers. There was double payment to one of the health facilities (Mukwa Dispensary), while the approved amounts was Kshs. 73,519, we established that double payments were made as follows:-

Table 24: Double payment to Mukwa Dispensary

	Date	Amount (Ksh)	Payment details
1st payment	9 July, 2020	73,519.10	BUNGOMA COUNTY: CBK Mukwa Dispensary/REC0050000874 HE1270
2nd payment	15 July 2020	73,519.10	BUNGOMA COUNTY: CBK Mukwa Dispensary/REC0050000873 HE1270

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

a) The amount was erroneously invoiced twice as there were one hundred and twenty-two health facilities to be invoiced. However, the same was sent back by the facility

Appendix 012 – Bank Deposit Slip

Auditor's Remarks

The Auditor confirmed receipt of documents and that the documents have been verified satisfactorily and the audit query has been resolved.

Committee Observation and Recommendation

1. The Committee observed the need for capacity building for book keeping officers to ensure that the errors are eliminated.

2. The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily recommends that the Senate clears the audit query.

3.3.3.18 Karima Dispensary had received less than what was allocated by Kshs.28, 935 whereas Chemwa Bridge Dispensary had received more than what was allocated by Kshs 2,973 Allocations was done based on workload.

Table 25: Payment to Karima Dispensary

	Facility	Amount Allocated	Amount Received	Variation
1	Chemwa Bridge Dispensary	69,131.67	72,104.70	2,973.03
2	Karima Dispensary	99,094.69	70,159.90	28,934.79

Management Response:
The Management agrees with the auditor's finding and would wish to comment as follows;

a) Underfunding of Karima dispensary – Kshs. 28,935

The amount was erroneously under-invoiced in IFMIS. The allocated amount was Kshs. 99,094.70 but invoiced 70,159.90. The under-funding was eventually corrected through a transfer of Kshs. 28,935 to the facility on 1st December, 2020

Appendix 013(a) – Extract of the Bank Statement

b) Excess funding of Chemwa dispensary – Kshs. 2,973

The amount was erroneously over-invoiced in IFMIS. The allocated amount was Kshs. 69,131.67 but invoiced as 72,104.70. The excess funding is to be corrected and recovered from the subsequent disbursement to the facility.

Appendix 013(b) – Communication to the facility

Auditor's Remarks
The Auditor confirmed receipt of documents that reflect recoveries made from the facility. The documents had been verified satisfactorily and the audit query has been resolved.

Committee observation and recommendation

1. The Committee observed the need for capacity building for records and book keeping officers.
2. The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily, recommends that the Senate clears the audit query.
3. The Committee further recommends that the county executive take administrative action against the officers responsible for poor record keeping.

Kenya Devolution Support Programme (KDSP)

Unsupported Utilization of KDSP funds- Kshs. 20,198,000

3.3.3.19 Under the Kenya Devolution Support Programme (KDSP) fund, no money had been utilized as at 31 July, 2020.However as at 24September 2020, a review of the cashbook indicated Ks.17, 805,000 had been utilized out of a total allocation of 30,000,000

3.3.3.20 Section (1) of the public Fence Management Act (County Government Regulations, an Accounting officer of an entity may not authorize payment to be made out of the funds earmarked for specific activities for purposes other than those activities. Section 53 (2) further provides that a public officer who makes a payment contrary to paragraph (1) commits an offence under the Act.

3.3.3.21 The County Government also informed the team that, KDSP funds, had been reallocated. Clarification and documentation to establish how much, why, to what activities and the approvals for this reallocation was not provided.

Management Response:
The Management notes the auditor's finding and would wish to comment as follows;

The funds were not reallocated. However, the County Government revised the KDSP Capacity Building Plan for the financial year 2019/2020 based on the directives by the Ministry of Devolution and ASALs so as prioritize Covid-19 response. Therefore, the Plan was revised so as to provide for Capacity Building that is focused towards Covid-19 response. The Revised Capacity Building plan was subsequently approved by the Ministry of Devolution and ASALs.

Appendix 014 – Directive to revise the Capacity Building Plans and the Approval for the Revised Capacity Building Plan

Auditor's Remarks

The Auditor confirmed receipt of documents and that the documents have been verified satisfactorily and the audit query resolved.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor and that the documents had been verified satisfactorily recommended that the Senate clears the audit query.

3.3.3.22 The County Government of Bungoma further spent the KDSP funds through an Imprest system /cash system. This implied that no procurement for services or goods would be required even for amounts above 500,000. A review of Imprest Warrant under KDSP funds showed that Kshs.20, 198,000 was spent on training without any clear supporting evidence of the trainings as detailed below:

Imprest Warrant NO.	Payee	Amount allocated to Travel Allowances	Total Amount (Kshs)

1	4002399	Celestine Mbinga	900,000	1,840,000
2	38884406	Not indicated (**Virginia Wangare**)	1,350,000	1,925,000
3	4002374	Joseph Kisindai	2,700,000	4,335,000
4	40023369	**Nancy** Kiveu	1,200,000	2,393,000
5	4002376	Not legible (**Getrine Tarit**)	1,200,000	2,040,000
6	4002377	Mildred Induli	1,400,000	1,960,000
7	4002393	Abigael Walaka	1,200,000	1,917,000
8	Expenditure process form **393**	Marystella Maina	2,700,000	3,788,000
	Total		12,650,000	20,198,000

Management Response:
The Management agrees with the auditor's finding and would wish to comment as follows;

i. Use of imprest system

The Management acknowledges that the activities were implemented through the use of imprests. This is because most of the funds were used in Civic Education and strengthening of the County Human Resource Management through trainings. These are activities that have very limited procurements. The expenditures were largely composed of transport reimbursements to the attendants. There were also hire of halls (mostly faith-based institutions) and stationery to a minimal extent.

There were sufficient controls to ensure that purchases were within the prescribed threshold for low value procurements. The procurable items were largely hall hire and stationery for the participants in the Wards and Sub-Counties. The halls were hired from Faith-Based Institutions

ii. Lack of supporting evidences

The supporting evidences of the expenditure were not provided as the amounts were in imprest form and had not been surrendered. The imprests were eventually surrendered and the supporting evidences attached.

Appendix 015 – Payment Vouchers with supporting documents

3.3.3.23 The total amount of Kshs. 20,198,000 includes facilitation fee, stationary and other training related costs. The County did not avail the documents such as approved plans or details

of the trained personnel e.g. number of trained personnel, signed attendance lists, receipts for claimed expenditure, authority to pay participants for training, approved conference and facilitators rates to support the utilization of the funds. Further, expenditure for booking halls and meetings to contain up to 80 people at a time of restrictions could not be explained by the county.

Management Response:
The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) Comments

The audit was undertaken while the activities were still being undertaken. The requested information and authorities formed part of the surrender documents.

The KDSP Implementation Guidelines requires the implementers to use conference facilities from government institutions and faith-based institutions.

Appendix 016(a) – Payment Vouchers (The Voucher includes attendance list, receipts for claimed expenditure, authority granted and conferences used)

The facilitators were paid at the rate of Kshs. 1,000 per hour to facilitators who were public servants

Appendix 016(b) – Circular on payment of resource fee

An authority from the donor himself – permission from the donor

Auditor's Remarks

The Auditor requested that the guidelines from the donor on the use of facilities be submitted as evidence. The auditor confirms that the documents were received and verified satisfactorily and that the audit query should be resolved.

Committee observation and recommendation

The Committee having noted the advisory of the Auditor and the mitigation from the Management recommends that the Senate clears the audit query.

3.3.3.24 The audit also noted that, whereas the KDSP funding conditions prohibited appropriation of funds for Allowances, per diem, and airtime, the county utilized Kshs. 12,650,000 of KDSP funds on training Allowances. In addition, the facilitators Allowances rate would vary from Kshs. 5,000, Kshs .8000 to Kshs.10, 000 for the same kind of training without justification as detailed below. There were no authorized rates for facilitators allowances provided, and no explanation was given for the disparity in rates.

Imprest Warrant No.	Date of paymnet	Payee	Amount allocated to Travel Allowances	Totalcost (Kshs)

1	4002399	18/9/20	Celestine Mbinga	5,000	80,000
2	38884406	24/9/20	Not indicated **(Virginia Wangare)**	10,000	270,000
3	4002374	20/7/20	Joseph Kisindai	10,000	360,000
4	40023369	8/7/20	**Nancy** Kiveu	10,000	40,000
7	4002393	18/8/20	Abigael Walaka	8,000	32,000
8	Expenditure process form 393	17/9/20	Marystella Maina	5,000	225,000

Management Response:
The Management partially agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) Comments

There limited interaction with the auditor did not allow for sufficient time for the Management to provide clarity on the rates.

There was no expenditure on airtime, payment of per diem (accommodation allowances) and other allowances other than allowances paid to the facilitator. The payment of facilitators' allowances was paid in form of resource fee as guided by the Circular Ref. No. OP/CAB.2/12A dated 14th August, 2006. The allowances are paid at the rate of Kshs. 1,000 per hour to the facilitators who were public servants whose cumulative daily sums are as analysed below;

Amount(Kshs.)	**Remarks**
5,000	One facilitator paid at the rate of Kshs. 1,000 for five hours
8,000	One facilitator paid at the rate of Kshs. 1,000 for eight hours
10,000	Two facilitators paid at the rate of Kshs. 1,000 for five hours

Appendix 017(a) – Circular on payment of resource fee

Appendix 017(b) – Extract of payments to the facilitators and the attendance list

Auditor's Remarks
The Auditor confirmed receipt and verification of the circular on payment of resource fee and an extract of payments to the facilitators and the attendance list as satisfactory.

Committee Observation and Recommendation

Having noted the mitigation by the county executive and the remarks of the Auditor, the recommends that the Senate clears the audit query.

Receipts and utilization of goods and Donations

Failure to include estimate of non-cash donations in the budget

3.3.3.25 Section 74. (4) Of the Public Finance Management Act (County Government) Regulations, 2015 requires that where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimates and reflected as expenditure in the financial year.

3.3.3.26 The audit examined the approved budget and the succeeding supplementary budgets 1 and 11 in the financial year 2019/2020. It was established that the county Government of Bungoma did not estimate the value of donations received from KEMSA and other donors and consequently these are not reflected in their budgets. In that respect, section 74 (4) of the Public Finance Management Act (County Government) Regulations, 2015 was contravened.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) Comments

The Management acknowledges that the items were not incorporated in the 2019/2020 Supplementary Budgets and the Original Budget 2020/2021 as they were received after the budget making process and approvals had been completed.

Action – The Management has since committed to include the estimated values of the donations in the proposed Supplementary Budget.

Committee observation and recommendation

1. The Committee recommends that all donations be taken into charge in the donations register and entered into their respective bin cards.
2. The Committee further recommends that the management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.
3. Having noted the mitigation by the county executive and the remarks of the auditor, the Committee recommends that the matter be retained in view in the subsequent audit cycle.

Accountability of donations

3.3.3.27 The source of covid-19 related goods available for use in the county Government of Bungoma were purchases and donations from the National Government and private institutions. A schedule detailing the distribution of donations from the ministry of Health through KEMSA to counties and other MDAs was provided. The audit team conducted a document

examination and physical verification to establish receipt ofgoods dispatched from KEMSA to the county Government of Bungoma.

3.3.3.28 It was established that, the items had been received by the facilities as dispatched by KEMSA. The high moving consumable such as surgical and KN95 masks, coveralls, sanitizers and face shields had already been issued for use. The team could only confirm that the number dispatched was received, properly recorded in the stores bin cards and requisitioned before insurance. However, for the large machine such as the ventilators, the team confirmed receipt and was able to physically count and confirm the numbers. The audit, however, noted lack of uniformity in description of goods. Further, items described as ventilators were established to be pap machines. The 3 ventilators received on 24 June, 2020 through delivery note 99379 were established to be Continuous Positive Airway Pressure (c-pap) machines. The audit team established that c-pap machines and ventilators are both designed to support patients with breathing disorders.

Management Response:
The Management agrees with the auditor's finding and would wish to comment as follows;

The items were erroneously recorded as ventilators by the donating entity (KEMSA). However, the description was clarified and corrected by KEMSA through the attached letter where the items were clarified to be c-pap machines, not ventilators.

Appendix 018 – Communication from KEMSA

Auditor's Remarks
The Auditor confirmed receipt and verification of the letter from KEMSA admitting to the erroneous record of C-pap machines as ventilators and advised that the audit query stand resolved.
Committee observation and recommendation
The Committee having noted the advisory of the Auditor and that the clarification had been sought by the County management from KEMSA and verified by the Audit recommends that the Senate clears the audit query.

Utilization of goods donated without recording in the stores cards (S3 Cards)

3.3.3.29 Section 162. (1) of the Public Procurement and Asset Disposal Act, 2012 requires that an Accounting officer of procuring entity ensures that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and ensures that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

3.3.3.30 Section 4.3 of the Procurement Records Management Procedures Manual, 2008 requires that the S5 card or the bin card is used for controlling stocks and physical stock verification in a warehouse. The bin card details the goods received and issued from stores section. The bin card facilitates indexing and location of an item in the store and movement of materials in and out of store. They are also used for stock replenishment. They should be maintained in files by stores staff according to the item code number and in date and fiscal arrangement.

3.3.3.31 The audit team established that the official stores bin card were not used to record entries of all donations received. The items recorded in two set of registers which were under the custody of the County Nurse. Section 210(1)j and l of Public Finance Management Act (County Government Regulations), 2015 states that a public officer employed by the County Government or a County Government entity commits an offence of financial misconduct if, without lawful authority, the officer fails to deliver to that Government or entity a gift or donation made on a public officials occasion in accordance with the Public Officers Ethics Act 2003.

Management Response:
The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

- **Use of S5 card or bin card**

The Management acknowledges that the initial donations were not recorded and issued through the bin cards. However, all the donations were received and issued through a register. Therefore, the issuance and location of the items are verifiable through the registers.

Appendix 019(a) – Register of all received donations

Appendix 019(b) – Stores records of subsequent donations

- **Action**

The Management noted the concern and the subsequent donations were taken on charge in the stores

Appendix 019(c) – Stores records of subsequent donations

Auditor's Remarks

The Auditor confirmed receipt and verification of register of all received donations and stores records of subsequent donations and advised that the audit query has been resolved.

Committee Observation and recommendation

The Committee having noted the advisory of the Auditor and the mitigation by the Governor recommends that the Senate clears the Audit query. A nominal value be recorded in the financial statement of the county

3.3.3.32 The audit team established that their existed two entry points for donations received in Bungoma County. The donations dispatched from KEMSA and other partners were received by the County Nurse whereas some of the donations from private partners were received through the Office of the Governor. According to records maintained by the Bungoma County Nurse, donations detailed below were received from KEMSA and other Partners. However, records on donations from private partners received through the Office of the Governor were not availed for audit verification.

Table 28: Donations in Bungoma County

Slovakia Republic	Hand sanitizer disinfectant 25 litres	2	No receipt
Slovakia Republic	KN95 FFP2 Respirator	100	99380
UNEP	Gloves -Latex Powdered Pair	20	99922
CHINA MEHECO CORPORATION	SHOE COVERS	20	1000095
CHINA MEHECO CORPORATION	EYES PROTECTIVE GOGGLES	50	1000095
CHINA MEHECO CORPORATION	KN95 FACE MASK GREY	100	1000095
CHINA MEHECO CORPORATION	SURGICAL GLOVES 7.0	1	1000095
CHINA MEHECO CORPORATION	SURGICAL MASK 3PLY	20	1000095
CHINA MEHECO CORPORATION	COVERALLS- DISP MEDICAL CLOTHING	100	1000095
GOVERNMENT OF KENYA	VENTILATORS	2	99379
GOVERNMENT OF KENYA	FACE MASKS 3PLY	80	99379
DONOR	ITEM	QUANTITY	D. NOTE
GOVERNMENT OF KENYA	KN95	50	99380
GOVERNMENT OF KENYA	KN95 FFP2	9	99380
GOVERNMENT OF KENYA	KN95 FFP2	81	100097
GOVERNMENT OF KENYA	FACE SHIELD	1580	99379
GOVERNMENT OF KENYA	SURGICAL GOWN XXLARGE	100	99380
GOVERNMENT OF KENYA	SURGICAL GOWN MEDIUM	100	99380
GOVERNMENT OF KENYA	SURGICAL GOWN LARGE	300	99380
GOVERNMENT OF KENYA	SURGICAL GOWN XLARGE	400	99380
JACK MA 1	Surgical Face Mask 3PLY	4	96991
JACK AAA 1	FACE MASKS NON WOVEN WITHOUT EXHALATION	1000	96991
JACK AAA 1	FACE MASK WITH FOAM NON WOOVEN MATERIAL	20	99379

JACK AAA 1	Face shields	5	96991
JACK AAA 2	INFRARED THERMOMETORS	5	99379
JACK AAA 2	VENTILATORS		99379
JACK AAA 2	Face shields	80	99379
DONATIONS FROM OTHER PARTNERS			
WORLD BANK	Thermogans	50	Not
AMPATH	Gumboots	40	Not
AMPATH	Sanitizer 500ml bottles (pieces)	36	Not
AMPATH	Coverall and ppe	14	Not
AMPATH	Surgical gloves	3	Not
AMPATH	N95 Masks	5	Not
AMPATH	Thermogans	5	Not
AMPATH	Goggles	57	Not
AMPATH	Clean gloves	5	Not
AMPATH	Jik	125	Not
SAVE THE	GIK	200	Not
SAVE THE	Thermogans	5	Not
AAARIE STOPES	Thermogans	10	Not
WHO/World Bank	Thermogans	50	Not
MEDIONICS	Surgical mask	24	Not
MEDIONICS	Clean gloves (M) 100's	125	Not
MEDIONICS	Particulate N95 Mask	50	Not
MEDIONICS	Jik	250	Not
MEDIONICS	Gown sterile	50	Not
DONOR	ITEM	QUANTIT	D. NOTE
MEDIONICS	Hand sanitizer 500ml	47	Not
MEDIONICS	Liquid soap 500ml	50	Not
MEDIONICS	Chlorine solution 51	50	Not
IPAS	3ply face masks	50	2402
IPAS	Hand sanitizer 500ml	100	2402
IPAS	Liquid soap 500ml	100	2402
IPAS	Chlorine solution 51	100	2402

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

i. Comments

The management acknowledges that the records of donations to the Office of the Governor were not availed during the time of the audit. This occurred in the initial stages when there was no clarity

on who was to receive the donations. Therefore, some donors donated the items through the Office of the Governor while others donated through the Department of Health and Sanitation. The records may not have been availed due to the limited time of interaction that the auditors had with the management.

Appendix 020(a) –Acknowledgement by the EACC

ii. Action

The Management directed that all donations issued in relation to the fight on Covid-19 be directed through the Department of Health.

Auditor's Remarks

The Auditor confirmed that the response was satisfactory and advised that the audit query is resolved.

Committee Observation and Recommendation

The Committee having noted the advisory of the Auditor and that the response was satisfactory recommends that the Senate clears the audit query.

Financial and Non-Financial Reporting on Covid-19 funds

3.3.3.33 It was established that the County Government of Bungoma produced and submitted to the Controller of Budget (COB) periodic financial report on utilization of COVID-19 funds covering the period ending 31 July ,2020.

3.3.3.34 The special audit established that the County failed to report receipt of KDSP funds in the COB report despite receiving the funds on 13 July, 2020 and the utilization of Kshs.18,358,000 as at 31 July, 2020. The audit noted that the reports failed to make a distinction between the Frontline Health Workers' Allowances and the National Covid Grant, lumping them together as received from one source.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

i. Failure to report the receipt of KDSP funds

The receipt of KDSP funds was included in the consolidated report that was sent to the Office of the Controller of Budget. The finding refers to a specific report that was directly sent by the Department of Health to the Office of the Controller of Budget.

Appendix 021(a) – Extract of the Consolidated Report to the Controller of Budget showing the recorded receipts (July, 2020)

ii. Failure to report utilization of Kshs. 18,358,000;

The amounts referred to were at the time outstanding imprests (commitments) and could not be expensed before the imprests were surrendered. The report forwarded to COB was based on actual revenue and actual receipts as per the prescribed format. The subsequent reports were adjusted accordingly after the imprests had been surrendered.

Appendix 021(b) – Extracts of the Consolidated Report to the Controller of Budget showing the extent of utilization of KDSP funds (April, 2021)

iii. Failure to make a distinction between Frontline Health

Workers' Allowances and the National Covid Grant The sources of funds were reported and categorized based on the source. The two grants originated from the same source (National Government). Below the tabulation referred to in the report was a note clarifying further that the Grants from the National Government included Frontline Health Workers' Allowances of **Kshs. 66,330,000.**

Appendix 021(c) – Extract of the Report to the Controller of Budget on the utilization of Covid-19 Funds as at 31st July, 2020.

Auditor's Remarks
The Auditor noted that the submitted documents had been satisfactorily verified and indicated the correct position.

Committee observation and recommendation
The Committee having noted the advisory of the Auditor and that the response was satisfactory recommends that the Senate clears the audit query

Other-Audit observations

Pending Bills

3.3.3.35 In addition to an expenditure of Kshs. 46,550,800 under Covid Grant and 39,894,290 under Own County Funds, the County Government had incurred pending bills amounting to Kshs. 94,523,181.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows;

The items reported as pending bills were not pending bills but a list of the planned procurements as per requisition Memos. The process of supplier identification was still at the formative stages. The limited interaction with the external auditors did not provide sufficient time for the management to provide clarification. A number of planned procurements eventually matured into commitments and pending bills, with some failing to mature. The current status of the planned procurements is as follows;

Description	**Amount (Ksh)**			**Remarks**
	Amount	**Paid**	**Balance**	
Eligible bills				To be paid
Ineligible bills – procurement process cancelled				Needs were reviewed and changed
Total				

Appendix 022 – Detailed report on the current status of planned procurements.

Auditor's Remarks

The Auditor confirmed that the response was satisfactory and advised that the audit query is resolved.

Committee observation and recommendation

1. The Committee noted that the County should ensure that there are no pending bills as relates to the Covid-19 pandemic.
2. The Committee having noted the advisory of the Auditor and that the response was satisfactory recommends that the Senate clears the Audit query.

3.3.3.36 The Management informed the audit team that all medical personnel of the County Government of Bungoma should have been trained but that was limited by shortage of funds to support the activity. The number of personnel trained was not provided and the lack of funds for training was not clearly supported and defined to the auditors given that the County received a letter Ref No. MDP/DD/FIN/44 of 28 May 2020 from KDSP instructing them to use the funds for training of health workers and capacity building upon the receipt of the funds on 13 July, 2020.

Management Response:

The Management agrees with the auditor's finding and would wish to comment as follows, including the action taken;

a) Comments

The Management acknowledges that the limited budget could not allow for the training of all medical personnel as there are 1,655 health workers of various cadres. In the circumstances, the prioritization of the training was undertaken for the following officers;

- All the Officers working in the Intensive Care Units - 20 officers
- Officers assigned to Home Based Care Unit (Rapid Response Team from sub-counties) – 50 officers
- General sensitization of Health Personnel – 980 officers

The trainings were adequate as the trained officers also undertook peer-to-peer discussions with other officers who had not been trained.

Appendix 023 – Training Report(s)

Auditor's Remarks

The Auditor confirmed that the response was satisfactory and advised that the audit query is resolved.

Committee observation and recommendations

1. The Committee having noted the advisory of the Auditor and that the response was satisfactory recommends that the Senate clears the Audit query.
2. The Committee further recommended that capacity building should continue since COVID -19 is an evolving situation and the medical officers need to be prepared to handle any arising issues.

Irregularities, Weaknesses and Managerial Responsibility

3.3.3.37 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 29: Irregularities, Weaknesses and Managerial Responsibility in Bungoma County

1	Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19	Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County	106,305,000	County Government of Bungoma	In future, funds should only be disbursed to County Governments based on appropriate needs assessment and realistic work plans. This will mitigate public funds from Value for Money risks.
2	Underfunding of the Frontline Health Workers Allowances by the National Government-	Risks of potential labor unrest among health workers and distortion of County Payroll budgets.	7,576,612	County Government of Bungoma	Appropriate consultations should be made between the National and the County Governments to ensure that they generate accurate numbers of frontline employees to be paid at the County level.

3	Misappropriation of KDSP funds	Loss of public funds		County Government of Bungoma	Further investigation to be conducted by relevant agencies so that appropriate action can be
4	Failure to value and disclose donations	Section 74 (4) of The Public Finance Management Act (County Government)	Not applicable	County Government of Bungoma	Ensure compliance with PFM Regulations in managing donations

Management Response:

The Management agrees with the auditor's recommendations and commits to ensure that the concerns raised in regard to irregularities, weaknesses and managerial responsibility are corrected for posterity. The findings will help to strengthen the internal processes that may have experienced the reported deficiencies.

Committee Recommendation

The Committee notes the undertaking by the Governor to take the recommendations to eliminate irregularities and strengthen the weaknesses in the systems to ensure Strong managerial systems.

3.3.4 COUNTY GOVERNMENT OF BUSIA

Planning, Budget and Financing

Absence of Approved Work Plans and Training Plans Specific to COVID-19 Kshs.113, 114,000

3.3.4.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.4.2 The special audit established that the County Government of Busia had an approved budget in place as detailed in the table below. In addition, except for County Own Emergency Fund and County Covid-19 Emergency Fund, there were no approved procurement plans for GOK Conditional Grants and DANIDA Funds. The County Management prepared and tabled a budget proposal to the County Assembly which was appropriated and approved in the Supplementary Budget II of 2019/20. Request of withdrawal to and approval of the same by the Controller of Budget (COB) from the County Revenue Fund (CRF) were done after approval of the Supplementary Budget II. The money was transferred from CRF through IFMIS to the CHMT Commercial Bank Account and mixed with other funds due to IFMIS closure towards end of the financial year 2019/2020, however the funds had separate vote books.

3.3.4.3 There was however no evidence of approved work plans and training plans for the funds contrary to section 107(2) of the County Governments Act, 2012. Decisions on training were done in an *ad hoc* manner by the Budget Technical Committee. Further details on approved work plans and training plans as detailed below:

Table 30: Planning and Budgeting for Busia County

		GOK Grant	GOK Health Workers Allowances	DANIDA	County Own Emergency Fund	County COVID-19 Emergency Fund
1	Approved work plans	Not in place	Not in place	Not in place	Not in place	Not in place
2	Budgets	In place Kshs106,464,0	In place	In place Kshs6,650,0	In place Kshs103,000,0	In place Kshs1,500,0

		00		00	00	00
3	Procurement plans	Not in place	Not applicable	Not in place	In place	In place
4	Training plans	Not in place	Not applicable	Not in place	Not in place	Not in place

3.3.4.4 The Management explained that the absence of approved training plans and work plans was because of the emergency nature of COVID-19 and that funds were received from the National Government towards the end of the Financial Year 2019/2020 after the County had already concluded preparation of the 2020/2021 Financial Year budget estimates.

3.3.4.5 However, the special audit observes that section 135 (1) of the Public Finance Management Act, 2012 provides for County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act, or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. These funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012 to utilize the funds implies the funds were sent to the County Government without adequate needs assessment and planning.

3.3.4.6 It is recommended that:

- The County Government of Busia should ensure that the National Government Grant and Health Care Allowances Funds are factored in the supplementary budget estimates for the financial year 2020/2021.
- The County Government should ensure approved work plans and training plans that are specific for COVID-19 activities are developed for the National Government Grant and DANIDA Funds.
- In future, the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans. This will mitigate public funds from Value for Money risks.

Management Response (3.3.4.1 to 3.3.4.6)

The County Government of Busia had funds from county own source, the GOK and donors. The funds from the County Government own source were approved in the Supplementary Budget 11 of 2019/2020.

The County used the existing procurement plans which included COVID-19 commodities since the commodities were within the items already in use by the county for the 2019/2020 financial

year. Funds from the National Government were included in the 2020/2021 budget and included in the approved annual work plan as required by the law. Additionally, a COVID-19 Special Purpose Account was opened and is operational where the funds disbursed from the National Government were transferred.

The training plan was not availed at the time of audit but there is a plan which included training of 14 health care workers by the National Government who were the ToTs, training of frontline health care workers, training of administrators, training of security agencies and CHVs. This will be availed for the Senate to scrutinize.

We concur with the recommendations of the auditor general in section 3.3.4.6.

Auditors' Remarks

The Auditors confirmed that they had verified the documentation submitted by the county government and they were satisfied.

Committee's Observations and Recommendations

1. The Committee observed that the county received money past the close of the financial year and noted the difficulty the county went through in utilizing the funds received hence the delay in approval of documents.
2. The Committee further noted that the county did not need a training plan for frontline health workers as the money released by the national Government detailed the persons to be trained.
3. The County Government of Busia should ensure that the National Government Grant and Health Care Allowances Funds are factored in the supplementary budget estimates for the financial year 2020/2021.
4. The Committee recommends that in the future the County Government should ensure approved work plans and training plans that are specific for COVID-19 or any other pandemic are developed before utilizing the funds.
5. The Committee further recommends that in future, the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans. This will mitigate public funds from value for Money risks.
6. The Committee having noted the auditor's remarks and the mitigation by the county executive recommends that the audit query remains in view and should be audited in the next audit cycle.

Amounts received by Busia County Government including recipient Bank Accounts

3.4.4.7 The total amounts of funds received by the Busia County Government for COVID 19 activities were as detailed below:

Table 31: Funds Received in Busia County

	Source	Amount (Kshs)	Bank name and branch	Recipient account
1	GOK Conditional Grant	106,646,000	CRF Central Bank	1000171618
2	DANIDA Funds	6,650,000	Special Purpose Acc	1000349239
3	GOK Health Workers Allowances	45,270,000	Not applicable	1000171286
4	County Own Source Revenue			
	a) County COVID-19 Own Fund	103,000,000	Special Purpose Acc	1000349239
	b) County Emergency Fund	1,500,000	Not availed	Not availed
	TOTAL	**262,884,000.00**		

3.3.4.8 As at 31 July, 2020, the GoK Conditional Grant of Kshs 106, 464,000 and DANIDA Grants of Kshs6, 650,000 had not been utilized. DANIDA funds comprising of Kshs6, 650,000 were transferred to a Special Purpose Account (SPA), Account Number, 1000349239 on 8 July, 2020. However, the Funds had not been disbursed to the Health Facilities for utilization as at 31 July, 2020. Disbursement to the health facilities' bank accounts was done in September whereby Kshs6, 145,734 was sent to the Health facilities while Kshs 504, 266 was not disbursed and was still in the Special Purpose Account. Payment of Health Workers Allowances was done in the July, 2020 payroll.

Management Response (3.3.4.7 to 3.3.4.8)

We concur with the findings in this section that a total of Kshs.262, 884,000 was received for COVID-19. At the time of audit, the county Government of Busia had not utilized Kshs106, 464,000 from the National Government and Kshs. 6, 650,000 from DANIDA had not been utilized and disbursed to facilities. However, the funds have been partly utilized and all funds to facilities disbursed.

Auditors' Remarks

The Auditor confirmed that the County had submitted documents detailing the funds used and had verified the documents. The Auditor confirmed that the documents were satisfactory.

Committee Observations and Recommendation

The Committee having noted the remarks by the auditor and the mitigation by the mitigation by the county executive recommends that the Senate clears the audit query.

UTILIZATION OF COVID-19 FUNDS

Unutilized GOK conditional Grant and DANIDA Funds - Kshs113, 114,400

3.3.4.9 As at 31 July, 2020, the GOK Conditional Grant of Kshs106, 464,000 received from the

National Government had not been utilized. This was attributed to absence of guidelines on how the funds were to be used. As at 31 September, 2020, none of DANIDA funds had been utilized by the health facilities. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.4.10 It is recommended that the County Government of Busia should swiftly plan to efficiently and effectively utilize the funds to address the emerging COVID-19 related risks so as to realize value for money.

Management Response (3.3.4.9 to 3.3.4.10)

We concur that at the time of audit the county Government of Busia had not utilized the National Grant of Kshs113, 114,400. We have started utilizing the grant amount to purchase key budgeted equipment and services and disbursed all DANIDA funds to lower facilities as recommended by the Auditor-General.

Auditors' Remarks

The Auditor confirmed that the funds have since been disbursed and the query is mitigated.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Management and the advisory from the Auditor recommends that the Audit Query is cleared.

Underfunding of Frontline Healthcare Workers Allowances by the National Government of Kshs 695,000

3.3.4.11 It was established that Health Workers Allowances of Kshs.45, 270,000 were paid directly to the beneficiaries through the payroll based on the SRC guidelines. The payments for the Allowances was carried out in the July, 2020 salary totaling Kshs.44, 745,000.

3.3.4.12 However, some legible personnel who had been left out in the July payments were paid Kshs1, 020,000 in the August salary leading to a variance of Kshs.695, 000 on the appropriated amount. The extra payment was charged on the salaries vote for Busia County Government as illustrated in the table below. As earlier noted, there was no evidence of existence of approved work plans and budgets on how the funds were to be spent. The explanation by the Payroll Manager was that budget had been done by The National Treasury.

Table 32: Frontline Health Workers Allowances in Busia County

Appropriated (Kshs)	45,270,000
Utilized in July, 2020 Salary (Kshs)	44,745,000
Utilized in August 2020 Salary (Kshs)	1,020,000

Total utilized (Kshs)	45,765,000
Variance/Extra payment (Kshs)	**695,000**

Auditors' Remarks

The Auditor confirms that the funds received from the national government had only factored in the staff on IPPD. As a result of this, some healthcare workers who were not captured in the IPPD were not paid the allowances.

Committee Recommendation

1. The Committee recommends that in future, appropriate consultations should be made between the National and County Governments to ensure they develop accurate numbers of frontline employees to be paid at the county level. This will mitigate against risks of potential labor unrest among health workers and distortion of County Payroll budgets.
2. The Committee noted that the national government through the Directorate of Personnel services is charged with capturing data on employees in the IPPD. The Committee therefore recommends that the Directorate of Personnel services should be prompt in ensuring that the data forwarded by the counties is captured.
3. The Committee recommended that the County executive should actively engage the Directorate of Personnel services to ensure that all health workers are entered in to the IPPD.
4. Having noted the mitigation by the management and the auditor's advisory, the Committee recommends that the audit query remain in view and be audited in the next audit cycle.

Procurement of COVID-19 Items with Own Source Revenue without Evidence of Market Survey

3.3.4.13 As at 31 July, 2020, the County Government of Busia had incurred a total expenditure of Kshs102, 637,631 as County Own Contribution for COVID-19 prevention and mitigation. Out of this, Kshs92, 466,831 had been paid while Kshs10, 170,800 was still outstanding. However, the audit was able to establish that expenditure of Kshs89, 442,581 was incurred under the fund.

3.3.4.14 Section 8 (3) of the repealed Public Procurement and Disposal Regulations, 2006 provides the functions of the procurement unit to include caring out periodic market surveys to inform the placing of orders or adjudication of tenders by the relevant award Committee.

3.3.4.15 It was established that the County Government of Busia, procured goods and services through the framework agreement process using the frame contract in place for the period 2018-2020. The special audit established that the County procured 1,721 packs (50 pcs each) of 3 ply masks at a price of Kshs. 7,500 a park resulting in an expenditure of Kshs. 12,907,500 as well as 1140 pieces of N95 masks at Kshs. 2,500 per piece resulting in an expenditure of Kshs2, 850,000, without evidence of a market survey contrary to section 8 (3) of the repealed Public Procurement

and Disposal Regulation, 2006. Upon querying, the County Management explained that the emergency nature of COVID-19 led to price fluctuations and that they consulted the Public Procurement Regulatory Authority on the prices. However, there was no evidence availed to support this assertion.

3.3.4.16 In addition, the framework agreement documents for various goods had been taken by the Ethics and Anti-Corruption Commission (EACC) and therefore the audit could not establish the comprehensive list of goods procured and their established prices.

Management Response (3.3.4.14 to 3.3.4.17)
We concur with the Auditor-General that at the time of audit, the county government had incurred expenditure of Kshs92, 466,831 of the Kshs102, 637,631. At the time of audit some vendors had not been paid. The county Government used contractors who were in the existing contract agreement and based prices on the prevailing prices in consultation with KEMSA and PPRA.

Auditor's Remarks
The Auditor noted the mitigation by management and found it satisfactory.

Committee Observation and Recommendation

1. The Committee noted that the county executive should be able to ratify the procurement process in accordance with the Public Procurement and Asset Disposal Act and its Regulations.
2. The Committee having noted the remarks by the auditor and the mitigation by the management recommends that the audit query be retained in view in the subsequent audit cycle.

Absence of competitive Bidding

3.3.4.17 The special audit noted that out of the tenders awarded for renovations of COVID-19 isolation centers and associated works amounting to Kshs 11, 983,463 were given to four companies namely; Hanal Investment, Sowina Investment, Megalaser International and Shabsal Company Ltd. All the companies belong to the same Director, Hassanali Babu.

Management Response
On the question of lack of competitive bidding the County Government relied of contractors already in the frame contracts. The 4 suppliers/contractors mentioned were in the existing frame contract and were viewed as individual companies at the time of award. The companies rehabilitated the water supply systems in various facilities.

Auditor's Remarks
The Auditor confirmed verification of the existing framework contracting and advised that the audit query is resolved.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Management and the advisory from the Auditor recommends that the Senate clears the audit query.

ACCOUNTABILITY OF DONATIONS

Failure to include estimate of non-cash donations in the budget

3.3.4.19 Section 74 (4) of the Public Finance Management Act (County Government) Regulations, 2015 requires that where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year.

3.3.4.20 It was established that the County Government of Busia did not estimate the value of donations received from KEMSA, MOH and other donors and consequently reflect in the budget and financial reports contrary to section 74 (4) of The Public Finance Management Act (County Government) Regulations, 2015 was contravened.

Management Response

The County Government of Busia received and documented all donations received. Some donors disclosed the value of the donations while others did not. The quantities of the items are well known and the County Government of Busia shall make estimates and include in the budgets.

Auditors' Remarks

The auditor noted the undertaking to value donations and to include the value in Financial Statements. A reconciliation showing what was donated was availed for audit verification.

Committee Observation and Recommendation.

1. The Committee recommends that the management should ensure that all donations are accounted for and reflected in the financial statements of the County executive.
2. Having noted the remarks of the Auditor and the mitigation by the county executive the Committee notes that the Audit Query remains unresolved and should be kept in view in the subsequent audit cycle.

Risk of accountability of Donations

3.3.4.21 The sources of Covid-19 related goods available for use in the County Government of Busia were purchases and donations from the National Government and private institutions. The audit team conducted an examination and physical verification to confirm whether items dispatched from KEMSA and Ministry of Health had been received by the County Government. It was established that the items had been received by the facilities as dispatched.

3.3.4.22 The high moving consumables such as surgical and KN95 masks, coveralls, sanitizers and face shields had already been issued for use. The team confirmed that the numbers dispatched were received, properly recorded in the stores bin cards and requisitioned before issuance. However, for the large machines such as the ventilators, the audit confirmed receipt and was able

to physically count and confirm their numbers. The audit however noted lack of uniformity in description of goods specification leading to inaccuracies in ascertaining the exact goods.

3.3.4.23 It was observed that the donations in the table below were recorded in the Busia County schedules as having been received from KEMSA yet the same had not been recorded in KEMSA Schedules as having been dispatch to Busia County. It was therefore not possible to establish the accuracy of the donations dispatched by KEMSA to Busia County Government. Further, the audit team could not establish the status of direct donations to Alupe Isolation Center in Busia since the requested store's records had been handed over to EACC officers.

Table 33: Donations in Busia County

Busia	**Busia Border**	Korean Embassy	**Surgical mask 3 ply pack of 50**	**65**
Busia	**BUSIA OSBP**	UNEP	**Gloves -Latex Powdered Pair 50's**	**45**
Busia	**BUSIA OSBP**	**Min Foreign Affairs**	**ISOLATION GOWNS**	**250**
Busia	**ISEBANIA OSBP**	**Min Foreign Affairs**	**ISOLATION GOWNS**	**60**
Busia	**BUSIA OSBP**	**Min Foreign Affairs**	**Disposable Surgical Mask Non-sterile 3PLY Pack 50's**	**70**
Busia	**ISEBANIA OSBP**	**Min Foreign Affairs**	**Disposable Surgical Mask Non-sterile 3PLY Pack 50's**	**40**
Busia	**ISEBANIA OSBP**	**MOH**	**COVERALLS XL**	**60**
Busia	**BUSIA BORDER**	**MOH**	**EXAMINATION GLOVES NON STERILE SIZE 7.5 PACK OF 25 PAIR**	**800**
Busia	**BUSIA BORDER**	**MOH**	**SHOE COVERS**	**15000**
Busia	**BUSIA**	**MOH**	**HAND**	**135**

	OSBP		SANITIZER 100ML	
Busia	ISEBANIA OSBP	MOH	HAND SANITIZER 100ML	20
Busia	ISEBANIA OSBP	UNEP	Gloves -Latex Powdered Pair 50's	20
Migori	ISEBANIA OSBP	UNEP	Gloves -Latex Powdered Pair 50's	3
BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	Cobas® SARS-CoV-2 Test 192T	8
BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	Cobas® SARS-CoV-2 Control Kit RMC	1
BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	Cobas® Buffer Negative Control Kit	1
BUSIA	KEMRI ALUPE HIV LAB - BUSIA	CHAI ROCHE	COBAS OMNI PROCESSING PLATE	1
BUSIA	KEMRI ALUPE HIV LAB - BUSIA	CHAI ROCHE	COBAS OMNI PIPETTE TIPS	2
BUSIA	KEMRI ALUPE HIV LAB - BUSIA	CHAI ROCHE	KIT COBAS 6800/8800 WASH Reagent IVD (4.2 L)	5
BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	KIT COBAS 6800/8800 SPEC DIL REAGENT IVD (4 x 875 mL)	1

BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	KIT COBAS 6800/8800 LYS REAGENT IVD (4 x 875 mL)	1
BUSIA	KEMRI ALUPE HIV LAB BUSIA	CHAI ROCHE	KIT COBAS 6800/8800 MGP IVD	3
BUSIA	KEMRI ALUPE HIV LAB - BUSIA	CHAI ROCHE	cobas omni Secondary Tubes 13x75 (optional)*	1
BUSIA	BUSIA BORDER	CONSORTIUM LED BY STANBIC BANK KENYA LTD	HEATED HUMIDIFIED HIGH FLOW NASAL CANNULA OSYGEN THERAPY DEVICCE OH-70C VENTILATOR	5
BUSIA	BUSIA BORDER	KENYA EMBASSY-CHINA DCI	FACE MASK 3Ply with ear loop	116
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	FACE AAASKS 3PLY	600
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	ANTI-STATIC SHOES	30
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	EPPENDORF TIPS 2-20IUL	2
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	EPPENDORF TIPS 2-100IUL	2

DONATIONS TO INDEPENDENT FACILITIES CLASSIFIED UNDER BUSIA COUNTY

County MPA	Donor	Item	Quantity

BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	EPPENDORF TIPS 50-1000IUL	
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	PCR TUBES 0.2ML (CENTRIFUGE TUBES)	2
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	PCR TUBES 0.2ML (CENTRIFUGE TUBES)	2
BUSIA	KEMRI ALUPE	GOVERNMENT OF KENYA CONSIGNMENT-EXECUTIVE	QUICK-DNALRNA PATHOGEN MINI PREP	1
BUSIA	KEMRI ALUPE BUSIA LAB	JACK MA 2	MEDICAL DISP CLOTHING COVERALL175CM	150
BUSIA	KEMRI ALUPE BUSIA LAB	JACK AAA 2	Face shields	150
BUSIA	KEMRI ALUPE BUSIA LAB	JACK MA 2	NITRILE GLOVES-URGE	12

3.3.4.24 A comparative analysis of the KEMSA dispatch schedule and the Busia County receipt schedule for donations, established that donations destined to KEMRI Alupe, Busia OSBP, Isebania OSBP and Busia border, though classified as destined to Busia County as detailed in the table above, were not received by the Busia County Government. It was established that the recipient institutions, had autonomous supply chain departments from that of the County Government of Busia. The donations therefore ought to have been received by respective supply chain units. However, the special audit did not conduct verification of these items because of time limitation.

Management Response

We concur with auditor general that items dispatched from KEMSA and Ministry of Health were received by the county Government of Busia and distributed accordingly. Some large equipment was issued to the county Government of Busia but some to the OSBP, other border points outside Busia and county commissioner office. We were able to account for what Busia County received.

Auditors' Remarks

A reconciliation showing what was donated was availed for audit verification.

Committee's observation and Recommendation

1. The Committee notes that a list of donations had been submitted for verification. The Committee recommends that all donations be taken into charge in the donations register and entered into their respective bin cards.
2. The Committee, further, recommends that the management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.
3. Having noted the mitigation by the county executive and the remarks of the auditor, the Committee recommends that the matter be retained in view in the subsequent audit cycle.

Program Reporting and Results

Financial and Non-Financial Reporting on COVID-19 Funds

3.3.4.25 The County Government of Busia submitted a financial report on utilization of COVID-19 funds to the Office of the Controller of Budget. The receipts and expenditures disclosed in the report were in agreement with financial records availed by Busia County Government. There was however no evidence that the County Government generated non-financial reports on utilization of COVID-19 funds.

3.3.4.26 The County Government of Busia submitted a financial report on utilization of COVID-19 funds to the Office of the Controller of Budget (OCOB). However, the expenditures disclosed in the report differed by Kshs.2,141,750 between the expenditure of Kshs90,325,081 confirmed from the financial records availed to the audit team by Busia County Government and the Kshs92,466,831 reported to the Controller of Budget by the Busia County Government. Further there was no evidence that the County Government generated non-financial reports on utilization of COVID-19 funds.

Management Response

The county Government has continuously generated non-financial reports to the Ministry of Health which have been used to provide information on COVID-19 status in Busia County. The reports are available to be shared. The difference of Kshs.2, 141,750 from the submitted reports was due to funds which had not been paid to the suppliers at the time of audit.

Auditors' Remarks

The Management has since complied and submitted the reports for verification The Auditor confirms that the documents were satisfactory.

Committee Observation and Recommendation

1. The Committee recommends that the County Management ensure that Financial and Non-Financial Reports are always generated and submitted for audit review and consideration by the Controller of Budget.
2. Having heard the mitigation by the county executive and the auditors remarks the Committee recommends that the Senate clears the audit query.

Irregularities, Weaknesses and Managerial Responsibility

3.3.4.27 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities and weaknesses are as follows:

Table 34: Irregularities, Weaknesses and Managerial Responsibility in Busia County

	Irregularity/Weakness	Risk/Law violated	Amount (Kshs)	Responsibility
1	Absence of approved work plans specific to Covid-19 funds received from National Government	Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County	113,114,000	County Government of Busia
2	Failure to utilize GOK Conditional Grant and DANIDA funds exposing public funds to value for money risks	Exposing public funds to value for money risks	113,114,000	County Government of Busia
3	Irregular procurements contrary to the Public Procurement and Asset Disposal Act, 2015	Violation of the Public Procurement and Asset Disposal Act, 2015		County Government of Busia
4	Failure to value donations received in kind.	Section 74(4) of the Public Finance Management (County Government Regulations) of 2015, requires that,		County Government of Busia

		where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year		

Committee's Recommendation

The Committee recommends that the County implements the recommendation of the Auditor as reflected in the Audit Report.

In addition, the Committee directs that the county executive submits a status report on the implementation of the above recommendations to both auditor and the Senate within sixty days of adoption of this report.

Limitation of scope

3.3.4.28 The Management of Busia County indicated that all the procurement records including tender opening registers, tender evaluation reports, awards and contracts for the COVID-19 related procurements had been taken by EACC and no copies were available for verification thus limiting the scope of audit. Store records were also not availed and therefore it was not possible to confirm accountability of distribution and utilization of items procured.

3.3.5 COUNTY GOVERNMENT OF ELGEYO MARAKWET

Planning, Budgeting and Financing

Absence of approved work plans, procurement plans and training plans specific to COVID-19

3.3.5.1 Section 107(2) of the County Government Acts, 2012 requires that County Governments plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.5.2 The special audit established that the County Government of Elgeyo Marakwet did not have in place all the approved work plans, budgets, procurement plans and training plans specific to COVID 19 activities, for the specific sources of funds as detailed in the table below-

Table 35: Planning and Budgeting in Elgeyo Marakwet County

	Particulars	GOK Grant	GOK Healthcare workers Allowances	DANIDA	Observations County Own Source Funds	KDSP Funds
1	Approved work Plans	In place			In place	In Place
2	Budgets	57,212,000	-	-	In place	In place
3	Procurement Plans	In place	Not Applicable		Consolidated Procurement	Not in place

					Plan	
4	Training Plans	-	-	-	Not in place	In Place

3.3.5.3 The County had approved workplans for all the COVID funds except for DANIDA funds. The Budgeted funds were the National Government Grant of Kshs.57, 212,000 and the County Own Source Funds comprising of Kshs. 110,140,489.00. The Frontline Workers Allowances from National Government, DANIDA and KDSP funds were not budgeted for, these funds were to be incorporated in the draft FY 2020/2021 supplementary budget.

3.3.5.4 It is worth noting that the KDSP funds comprising of Kshs. 30,000,000 had been budgeted for in the FY 2019/2020 budget, however, the County Assembly Executive Committee for Finance and Economic Planning declined to roll over/appropriation of the funds in the FY 2020/2021 budget owing to the fact that the funds had not been disbursed to the County as at June 2020, when the budget was being approved and the County had issues with the budget not being balanced because of lack of adequate funding.

3.3.5.5 There was no procurement plan specific to COVID 19 related funds except for the National Government Grant. Other procurement plans were annual procurement plans that were not specific to COVID 19 activities. The training plans were also not in place except for those of KDSP and County Own Source Funds.

3.3.5.6 However, the special audit observes that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. The funds were disbursed by the National Government to the County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012 to utilize the funds implies the funds were sent to the County Government without adequate needs assessment and planning.

3.3.5.7 It is recommended that the County Government of Elgeyo Marakwet should;

- Ensure that the National Government health care Allowances, DANIDA and KDSP Funds are factored in the supplementary budget estimates for the FY 2020/2021
- Ensure approved procurement plans and training plans that are specific for COVID 19 activities are in place for County own source, DANIDA and KDSP Funds

- Ensure that approved work plans are in place for DANIDA funds

Management Response

The Management submitted as follows-

Absence of Approved workplans

GOK Healthcare Workers' Allowances

The Salaries and Remuneration Commission (SRC) issued a circular detailing the cadres of staff to be paid allowances through a circular dated 28th April 2020. Ref no. SRC/TS/COG/3/61/48 – *Front Line Health Care Workers Staff Category* on payment of allowances (ANNEX 1) This was effected as per the IPPD print out (ANNEX 2 (i), (ii) and (iii).

DANIDA

The County Government disbursed DANIDA funds for use in Operation and Maintenance in line with DANIDA circular (ANNEX 3) Ref MOH/FIN/1/A VOL II (457) dated 30th April 2020 and DANIDA disbursement timelines (ANNEX 4) ref COG/6/40/2A) dated 10th July 2020 and intergovernmental participation agreement, which governs theutilization of DANIDA funds (ANNEX 5). This was factored in the departmental Annual Work plan for financial year 2020/2021 (ANNEX 6) the funds were spent through approved work plans generated from facilities and consolidated at the countylevel (ANNEX 7)

Absence of Budget

DANIDA of Kshs. 4,200,000, Kenya DevolutionSupport Program of Kshs. 30,000,000 and GOK Health workers allowance of Kshs. 32,685,000, were received after the budget process for the financial year 2020/2021had been completed. The funds were received in the County Revenue Fund on 30th June 2020, 2nd July 2020 and 6th July2020 respectively. The Bank statements were attached (ANNEX 8). The amount of Kshs. 32,685,000, Kshs.4,200,000 and Kshs. 30,000,000 were incorporated in the first supplementary budget for financial year 2020/2021(ANNEX9).

Absence of procurement plan

GOK Grant and GOK health workersallowance

The COVID 19 Front Line Health Care Workers Allowance of Kshs. 32,685,000 was paid out based on SRC circular dated 28th April, 2020 (ANNEX 1). This was a paymentof Personnel Emoluments and did not require a procurement plan.

DANIDA

The County used the guidelines contained in DANIDA circulars: ANNEX 3 - stating thatthe funds be used to support Operation andMaintenance costs in gazetted level II and III public health

facilities and ANNEX 5 that states how funds shall be utilized. Hence, did not require a procurement plan

County own source fund

The approved COVID-19 own source fund of Kshs.110, 140,489 was incorporated into thenormal operating votes of the department of health in the first supplementary budgetof the financial year 2019/2020. The extract of the detailed procurement plan on the COVID-19 specific items was developed separately and is hereby submitted as ANNEX 10 and ANNEX 11.

KDSP

The amount of Kshs. 30,000,000 did not have aprocurement plan since the funds had notbeen appropriated. The funds were received on 2nd July, 2020 in the County Revenue Fund (CRF). (ANNEX 8) and the supplementary budget had not been approved.

Absence of training plan

GOK Grant

The training plan had not been developed since the funds had not been appropriated. The same had since been developed and was being implemented (ANNEX 12).

GOK health Workers' allowances

The GOK health workers' allowances of Kshs. 32,685,000 was a Personnel Emolumentrelated component paid in IPPD (ANNEX 1 SRC circular dated 28th April, 2020) thus did not require a training plan.

DANIDA Funds

DANIDA funds of Kshs. 4,200,000 supported Operations and Maintenance as per Intergovernmental Participation Agreement (ANNEX 5). That did not have a training component and thus no training plan.

DANIDA and KDSP Funds were not budgeted for

DANIDA grant of Kshs. 4,200,000, Kenya Devolution Support Program of Kshs. 30,000,000 and GOK Health workers allowance of Kshs. 32,685,000 were not budgeted for in the FY 2019/2020. The management confirmed that the funds were received on 30th June 2020, 2nd July, 2020 and 6th July, 2020, respectively (ANNEX 8: CRF bank statement extract). However, the same was factored in the supplementary budget for FY 2020/2021 (ANNEX 9: Extract of Supplementary Budget and Report of the select committee on Budget and appropriation).

The County Assembly did not approve the roll over recurrent provisions as submitted for the financial year 2020/2021 by the CECM finance. That included the Kshs. 30,000,000 funds meant for COVID under the KDSP - (Annex 13) and County assembly approval report on 2020/2021 budget estimates (Annex 14).

Previous allocations for KDSP of 38,552,919for financial years 2018/2019 which was in County Allocation of Revenue Act (ANNEX 13 page 225) and appropriated by the County Assembly (ANNEX 16 page 8) was not disbursed to the County.

The 2019/2020 allocation from KDSP (KSh.30, 000,000) was captured in the budget in the CARA (ANNEX 17) and approved in the County Assembly budget as per ANNEX 18. The County Assembly did not approve the rollover of Kshs. 30,000,000 during the budget making process for the financial year 2020/2021 (ANNEX 14). Those funds were received on 2nd July, 2020 after the closure of the financial year 2019/2020 when the budget had already been approved on 25th June, 2020, by the CountyAssembly. However, the County Assembly appropriated the funds in the first supplementary budget for financial year 2020/2021 (marked as ANNEX 9)

Failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012

Kshs. 57,212,000 was disbursed to the County Government on 4th June 2020 (ANNEX 8, CRF bank statement extract). By the time of disbursement, the County had just utilized authorized own source funds of Kshs. 110,140,489 and the ground situation was being monitored at the time of audit.

Auditor's Remarks

The Auditor noted that the management had mitigated on the query and submitted documents including approved supplementary budget for verification.

Committee Observations and Recommendations

1. The Committee observed that the county could not have anticipated the pandemic and the release of funds and therefore, were unable to prepare work plans and budgets in a timely manner. It was further noted that the County had since regularized the expenditures.

2. The Committee recommends that the County Government endeavors to prepare work plans, budgets and procurement for monies received for pandemics and other emergencies. Further, where the County utilizes monies for emergencies before making plans and budgets, the Committee recommends that it ensures regularization of the expenditure in line with the laid legal procedures.

3. The Committee having noted the mitigation by the Management recommends that the Senate clears the query.

Amount of Funds Received by Elgeyo Marakwet County Government Including Recipient Bank Accounts

3.3.5.8 The total amounts of funds received by the Elgeyo Marakwet County Government for COVID 19 activities were as detailed below:

Table 36: Funds Received in Elgeyo Marakwet County

	Source	Amount (Kshs)	Bank name and branch	Recipient Bank account
1	GOK Conditional Grant	57,212,000.00	Central Bank of Kenya	1000171723
2	DANIDA Funds	4,200,000.00	Central Bank of Kenya	1000287748
3	GOK Healthcare Workers Allowances	32,685,000.00	Central Bank of Kenya	1000171723
4	County Own Fundss	110,140,489.00	Central Bank of Kenya	1000171421 and 1000171391
5 (a)	Kenya Devolution Support Programme (KDSP)	28,504,348.00	Central Bank of Kenya	1000171723
(b)	Kenya Devolution Support Programme	1,495,652.00	Central Bank of Kenya	1000433884
	TOTAL	**234,237,489.00**		

3.3.5.9 As at 31 July, 2020, funds for COVID 19 from the National Government Grant, Health Care Workers Allowances and Part of the KDSP (i.e. Kshs. 28,504,348.00) were held at the Elgeyo Marakwet CRF a/c no. 1000171723. DANIDA funds had been transferred to DANIDA SPA a/c No. 1000287748. Of the Kshs. 110,140,489.00 County Own Source Fundss, Kshs. 69,933,489.00 had been disbursed to the recurrent a/c no. 1000171421 and Kshs. 40,207,000 to the development a/c no. 1000171391 respectively.

Utilization of COVID-19 funds by Elgeyo Marakwet County Government GOK Conditional Grants and the KDSP Funds

Un-utilized GOK Conditional Grant and KDSP funds

3.3.5.10 As at 31 July, 2020, funds from the National Government Grant and KDSP had not been utilized. The funds comprising of Kshs. 57,212,000.00 and Kshs. 30,000,000.00 respectively were held intact at the CRF a/c no 1000171723. As at time of audit (October 2020) the funds had not been utilized but the County had transferred to the SPA for COVID 19 a/c no. 1000455527 an amount of Kshs. 57,212,000.00 and, SPA a/c for KDSP a/c no.1000433884 an amount of kshs. 30,000,000.00. A work plan had been developed for the Conditional Grant funds.

3.3.5.11 KDSP funds were not utilized, the explanation given by Management was that the funds were received at the CRF a/c no. 1000171723 in July, 2020 after the books of accounts for the FY 2019/2020 were closed and the budget for FY 2020/2021 had been approved.

3.3.5.12 It was important to note that the KDSP Funds were factored in the approved budget for FY 2019/2020, however, the County Assembly declined to appropriate/roll over the funds in FY 2020/2021 approved budget, the reason given was that the actual money had not been disbursed to the CRF a/c 1000171723 as at time of approval of FY 2020/2021 budget, hence these funds were not available.

3.3.5.13 These funds were disbursed to the CRF a/c no. 1000171723 on 2 July, 2020, they were appropriated/factored in the supplementary budget for FY 2020/2021 which was still in draft status. As at time of audit, the KDSP funds had been transferred to the SPA for KDSP a/c no. 1000433884 on 13/7/2020 and 12/10/2020, in batches of Kshs. 1,495,652.00 and Kshs. 28,504,348 respectively, totaling to Kshs. 30,000,000. The whole amount was intact as at the time of completion of the audit.

3.3.5.14 It was recommended that that the County Government of Elgeyo Marakwet should swiftly plan to efficiently and effectively utilize the National Government and KDSP funds to address the emerging COVID-19 related risks so as to realize value for money,

and to ensure adequate preparations and response.

Management Response

The Management submitted that the funds were factored in the financialyear 2020/2021 supplementary budget submitted for audit verification. Further, the management undertook to utilized as per thebudget.

Auditors Remarks

The County received the money after the end of the Financial Year and had since regularized through the supplementary budget.

Committee Observations and Recommendations

The Committee having noted the mitigation by the County Government recommends that the Senate clears query.

GOK Health Workers Allowances

Underfunding of the Frontline Health Workers Allowances by the National Government

3.3.5.15 The appropriated amount for the three months lump sum payment for the Frontline Workers' Allowances was Kshs. 32,685,000.00. However, a total payment of Kshs. 33,315,000.00 was made through the August payroll, thereby resulting to a variance of Kshs. 630,000.00 on the appropriated amount. The variance of Kshs. 630,000.00 was charged to the salaries vote for the period 2020/2021.

3.3.5.16 It is recommended that in future, appropriate consultations should be made between the National and County Governments to ensure they generate accurate numbers of frontline employees to be paid at the County level. This will mitigate against risks of potential labor unrest among health workers and distortion of County Payroll budgets.

3.3.5.17 Prudent financial Management requires that funds are budgeted for, and these budgets approved by the County Assembly before any expenditure is incurred. The audit confirmed that the Frontline Healthcare Workers Allowances of Kshs. 33,315,000.00 had been expended or utilized before an approved budget had been prepared. As at time of audit (end of October, 2020), the draft supplementary budget was still in its initial stages. Promptness was required to ensure that the money was factored in the draft supplementary budget for FY 2020/2021 and that the approval of the budget needed to be speeded up to correct the irregularity.

Management Response

The Management submitted that the amount of money disbursed to the county was Kshs. 32,685,000. The actual amount paid out to staff was Kshs. 33,315,000.00 resulting in underfunding of Kshs. 630,000 and not 680,000. The underfunded amount was charged to the personal emoluments vote.

The health care workers staff allowance was paid to eligible frontline health workers with designations as per the SRC circular (ANNEX 1). Kshs 33,015,000 was paid through the IPPD in July as per the attached Print out of the IPPD. ANNEX 2 (i), Kshs. 180,000 was paid out manually in July to 5 eligible health workers officers who did not have personal numbers. ANNEX 2 (ii) and Ksh. 120,000 was paid out through IPPD in August ANNEX 2 (iii).

Further, the Management submitted that the Frontline Healthcare Workers allowance of Kshs. 32,685,000 was received on 6th July 2020. (ANNEX 8). As per the SRC circular (ANNEX 1) given (SRC circular Ref: SRC/TS/COG/3/61/48) dated 28th April 2020, the funds were paid to health care workers in order to avert health care workers industrial action. The additional amount of Kshs. 630,000 was paid from Personnel Emolument Vote. The same was factored in the supplementary budget for financial year 2020/2021 (ANNEX 9).

Auditor's Remarks

The county should capture all workers in the IPPD.

Committee Observations and Recommendations.

1. The Committee recommends that there should be adequate communication between the National Government and county governments concerning the number of health care workers in the counties.
2. The Committee, further, recommends that all the officers should be captured in the IPPD system to address the issues of underfunding.

DANIDA Funds

Expenditure without Approved Budget

3.3.5.18 Prudent financial Management requires that funds are budgeted for, and these budgets approved by the County Assembly before any expenditure is incurred on the funds. The audit confirmed that DANIDA funds comprising of Kshs. 4,200,000.00 had been expended or utilized before an approved budget had been prepared. As at time of audit (end of October 2020), the draft supplementary budget was still in its initial stages. Promptness is required to ensure that the money is factored in the draft supplementary budget for FY 2020/2021 and that the approval of the budget needs to be speed up to correct the irregularity.

3.3.5.19 DANIDA funds comprising of Kshs. 4,200,000 had been received and disbursed to DANIDA Special Purpose Account number 1000287748 by 31

July, 2020. These funds were later in August 2020 distributed to the level 2 and 3 gazette public health facilities. The audit confirmed that DANIDA funds had not been budgeted for in the FY 2020/2021 approved budget and were to be incorporated in the draft supplementary budget for the FY 2020/2021, yet the funds had already been expended to the health facilities, therefore, this was expenditure without budget. The justification given by Management was that the donor had disbursed the money to the CRF a/c no. 1000171723 after the approval of the FY 2020/2021 budget, additionally the donor had set strict timeliness for transfer and utilization of these funds to the public health facilities hence they could not wait for the funds to be factored in the budget before utilization.

3.3.5.20 It was recommended that that the County Government of Elgeyo Marakwet should;

- Factor in DANIDA and Frontline Workers Allowances funds in the budget and ensure speedy approval of these budgets.
- Ensure that budgeting is carried out before utilization of DANIDA and Frontline Workers Allowances funds.

Management Response

The Management submitted that the DANIDA funds were received on 30thJune 2020 (CRF STATEMENT ANNEX 8) when the financial year had ended and the budget had been approved. In addition, Conditions of the donor (DANIDA)required that funds be disbursed within 15 working days (ANNEX 5). The funds had been budgeted in the current financial year 2020/2021 through supplementary budget (ANNEX 9)

The donor had disbursed the money to the County Revenue Fund a/c no. 1000171723 after the approval of the FY 2020/2021 budget, additionally the donor had set strict timeliness for transfer and utilization of these funds to the public health facilities as per DANIDA circular ANNEX 5 hence they could not wait for the funds to be factored in the budget before utilization. These funds have been factored in the supplementary budget for FY 2020/2021 (ANNEX 9).

The recommendation had been taken into account (ANNEX 9).

Auditor's Remarks

The management submitted the supplementary budget for verification.

Committee Observations and Recommendations

The Committee, having noted the mitigation by the management and advisory by the auditors, recommends that the Senate clears the audit query.

County Own Source Funds

Utilization of COVID-19 funds from County Own Source Funds

3.3.5.21 The PFM Act, 2012, Section 109 (1) requires that, there is established, for each County a County Revenue Fund in accordance with Article 207 of the Constitution. (4) The County Treasury shall- (b) ensure that all money authorised to be paid by the County Government or any of its entities for a public purpose is paid from that account without undue delay.

3.3.5.22 Section 54 (1) of the Public Financial Management Act (County Government) Regulation, 2015, states that an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities. Section 54 (2) further provides that a public officer who makes a payment contrary to paragraph (1) commits an offence under the Act.

3.3.5.23 The special audit established that, as at 31 July, 2020, the total Budget allocation was Kshs. 110,140,489.00 from the County Own Source Funds. Out of this amount Kshs. 105,954,989.00 was utilized. This translates to 96.20% utilization of the allocated amount from the County Own Source Funds. The balance not utilized was Kshs. 4,185,500.00. The total commitments amounted to Kshs. 19,796,600.00 and the amount paid was Kshs. 86,158,389.00 for COVID related activities under the enhanced budget lines as detailed below.

Table 37: Utilization of County Own Source Funding in Elgeyo Marakwet County

Vote Code	Item	Allocated Budget (Kshs.)	Expenditure (Kshs.)	Balance (Kshs.)
2210302	Accommodation – Domestic Travel	1,500,000.00	-	1,500,000.00
2210303	Daily Subsistence Allowances	7,500,000.00	6,050,000.00	1,450,000.00
2211201	Refined Fuel and Lubricants for Transport	1,497,489.00	1,497,489.00	-
3111002	Purchase of Computers, Printers and other IT	600,000.00	600,000.00	-

	Equipment			
2211001	Medical Drugs	10,000,000.00	10,000,000.00	-
2211002	Dressing and other Non-Pharmaceuticals Medical Items	41,848,000.00	40,612,900.00	1,235,100.00
2211008	Laboratory Materials, Supplies and small Equipment	500,000.00	500,000.00	-
2211019	Purchase of Uniforms and Clothing - Patients	3,850,000.00	3,849,600.00	400
2211015	Food and Rations	1,538,000.00	1,538,000.00	-
2110202	Casual Labour	1,000,000.00	1,000,000.00	-
TOTAL		**110,140,488.00**	**195,954,989.00**	**4,185,500.00**

Management Response

County Own Source Funds

The Management submitted that the approval by the County Assembly on the expenditure for COVID-19 own source fund of Kshs.110, 140,489 was within the normal operating votes of the department of health. The extract of the detailed procurement plan on the COVID-19 specificitems was developed separately and was submitted as ANNEX 10 and ANNEX 11.

KDSP

The Management submitted that there was no procurement plan since the Funds had not been appropriated. The funds were received on 2nd July, 2020. (ANNEX 8).

Auditors Remarks

The auditor confirmed verification of documents submitted by management.

Committee Observations and Recommendations

1. The Committee observed that the county has submitted for verification approved

expenditure plans by county assembly as related to own source revenue and procurement plan.

2. The mitigation given that the funds were received after close of financial year was admissible.
3. The Committee having noted the mitigation by the management and advisory by the auditors recommends that the Senate clears the audit query.

Accountability of Donations Received and Stock Records
Failure to value and disclose donations and some donations from KEMSA not received at the County

3.3.5.24 Section 74 (4) of the Public Finance Management (County Government Regulations) of 2015, requires that, where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year. Further, Section, 71(5) of the Public Finance Management (County Government Regulations), 2015 requires gifts, or donation or sponsorship received during the year to be disclosed in annual and quarterly financial statements.

3.3.5.25 Donations were received, quantities recorded and distributed. However, the exact value of items was not indicated, the reason given by the Management of the County for this was that the County did not have the price of the donations hence could not give the items a value.

3.3.5.26 Donations from KEMSA were received at Elgeyo Marakwet County, except for 81 KN95 FFP2 Masks. The S11 serial no.100049 from KEMSA showed that the items were to be issued to Elgeyo Marakwet County, however, the audit confirmed that the items were not received at the station. The receiving officer at the station noted on the S11 no. 100049, that the said 81 KN95 FFP2 Masks were not received. All the received items from KEMSA had been distributed to the various health facilities. However, the items from KEMSA were not valued.

Management Response
The Management submitted that the County received donations from various donors, the cost of those items were not disclosed. Hence the value at that time could not be ascertained. Further, during the Pandemic period prices for those itemswere unstable.

The Management also confirmed that 81, KN95 FFP2 Masks were not received as evidenced by the delivery note (ANNEX 18). KEMSA was notified of the same.

Auditors Remarks
Donations should be included in the books of the county.

Committee's Observations & Recommendations

1. The management should obtain nominal values of the donations and include in the financial statements of the County for the subsequent financial year.
2. The audit query should be reconsidered in the subsequent audit cycle to ascertain that the donations were valued and included in the financial statements of the County.

Receipt of Rapid Response Vehicle

3.3.5.27 The Covid – 19 Health Emergency Response Project (C-HERP) procured 14 vehicles to assist Rapid Response Teams in identified high risk counties with contact tracing and surveillance efforts. One (1) vehicle was allocated to Elgeyo Marakwet County

3.3.5.28 The audit confirmed that TOYOTA HILUX Double Cabin white vehicle registration No. GKB 925V with a cc. of 2393 was received at the Elgeyo Marakwet County - Department of Health. The audit confirmed existence of the vehicle at the station through physical observation. Records of handing over of the vehicle dated 13 July, 2020, had been dully filled and the vehicle considered to be in good condition and with no defects.

Financial and Non-Financial Reporting on Covid-19 funds

3.3.5.29 It was established that the County Government of Elgeyo Marakwet produced and submitted to the Controller of Budget financial report on utilization of COVID-19 funds.

3.3.5.30 The special audit established that except for County Own Source Revenue, all other funds had not been utilized as at 31 July, 2020. An actual expenditure of Kshs. 105,954,989.00 was incurred under the County Own Resources specifically, under the County Emergency Fund as at 31 July, 2020. However, the Controller of Budget report indicates an actual expenditure of Kshs. 110,140,489.00. It was noted that the total usage as reported by the County to the Controller of Budget was higher by Kshs. 4,185,500 as compared to the amount confirmed by the special audit.

Management Response

The Management submitted that the budgeted amount was Kshs. 110,140,489. A total of Kshs. 105,954,989 was approved for expenditure. A requisition of Kshs. 172,623,033 was made through a letter *REF: DEV/EMC/FIN/8/118* dated 24th of June 2020 by the County to the Controller of Budget ANNEX 21 (i). This was not approved. The county revised the requisition through a letter *Ref: DEV/EMC/FIN/8/127* dated 29th June 2020 to Kshs. 162, 767, 830 ANNEX 21 (ii), and was approved by the COB through a letter *Ref: COB/EMR/001/36 (7)* dated 30th June 2020 as per ANNEX 21 (iii). A total of Kshs. 9,855,203 was not approved by the Controller of

Budget. Kshs. 4,185,500 was among the payments that were not approved by the Controller of Budget.

Auditors Remarks

The Auditor notes that the county should continuously submit both financial and non-financial reports to the auditor general and Controller of budget for verification.

Committee Observations and Recommendations

The Committee recommends that the County should continuously submit financial and non-financial reports in compliance with the law.

Other-Audit observations

Pending Bills

3.3.5.31 In addition to an expenditure of Kshs. 86,158,389.00 incurred and paid as at 31 July, 2020 from the enhanced budget under County Own Source Funds, the County Government and incurred pending bills related to COVID activities amounting to Kshs. 19,649,600.00.

3.3.5.32 The pending bills related to the County Own Source Funds, which had not yet been approved for payment by all the authorizing officers as at 31 July, 2021, and were therefore commitments. As at time of audit the pending bills had not been paid. The procurement and payment processes were still ongoing

3.3.5.33 In view of time constraint, the special audit did not comprehensively cover pending bills. It was recommended that that should be undertaken during financial assurance audits and routine internal audits.

Management Response

The Management confirmed that the pending bills were commitments at the time of audit. The current status of the pending bills was as tabulated below:

Item	Amount (Kshs)	Current status
Installation of Oxygen Plant	16,500,000.00	Tender Advertised
Purchase of laundry machine	1,400,000.00	Tender evaluation

		done
Purchase of ward beds	900,000.00	LPO issued
Purchase of mattresses and blankets	349,600.00	LPO issued
Purchase of lab reagents	500,000.00	Supplied pending payment
Total (KShs.)	19,649,600.00	

Auditors Remarks.

The Auditor advised that the county had outstanding pending bills

Committee Observations and Recommendations.

1. The Committee observed that the matter of pending bills was a huge challenge that was affecting services delivery in the counties. Although pending bills in Elgeyo Marakwet related to goods and services at different stages of procurement at the time of audit, the Committee recommends that the County settles all pending by the end of financial year.
2. The Committee, further, recommends that the query remains unresolved and be reconsidered in the subsequent audit cycle.

Isolation Centers in Elgeyo Marakwet as at 31 July, 2020

3.3.5.34 There were Five (5) isolation Centers in Elgeyo Marakwet County as listed below. Zero patients had been isolated at the isolation centers as at 31 July, 2020

- Tambach Sub County Hospital (Main Isolation Center) - Keiyo North
- Iten County Referral Hospital Rehabilitation Centre (to take care of staff)
- AIC Kapsowar Mission Hospital - Marakwet West
- TOT Sub County Hospital - Marakwet East
- Chepkorio Sub County Hospital – Keiyo South

Management Response

The Management Confirmed that at the time of Audit, Isolation centers did not have patients. All COVID -19patients were under Home Based Isolation and Care.

Auditor's Remarks

This was an audit observation and not a query

Committee Observations and Recommendations

The Committee having noted the observation by the auditors recommends that the facilities be kept in a functional state in case of any eventualities.

Irregularities, Weaknesses and Managerial Responsibility

3.3.5.35 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 38: Irregularities, Weaknesses and Managerial Responsibilities in Elgeyo Marakwet County

	Irregularity/weaknes s	Risk/ law violated	Amount (Kshs)	Responsibility	Recommendations
1	Absence of approved work plans specific to COVID-19 funds received from DANIDA	Section 107(2) of the County Government Act,2012 requires that County Government plans shall be the basis for all budgeting and spending in a County	4,200,000.00	County Government of Elgeyo Marakwet	County Government prepared appropriate work plans for effective utilization of funds
2	Disbursement of GOK Allowances and DANIDA funds to Frontline and Elgeyo Marakwet County Government without the County Government having in place a budget to facilitate effective and efficient utilization of the funds	Ineffective fiscal response to Covid-19 risks that may result to lack of value for money.	32,685,000.00 and 4,200,000.00	County Government of Elgeyo Marakwet and Ministry of Health	County Government to prepare appropriate work plans and approved Budget for effective utilization of funds

3	Expenditure without approved budget for the GOK frontline		33,315,000.00 and 4,200,000.00	County Government of Elgeyo Marakwet and Ministry of Health	County Government to prepared appropriate work plans and approved Budgets for effective utilization of funds
4	Absence of approved and a Covid-19 specific procurement plan for County Own Source and KDSP funds	The Public Procurement and Disposal Act, 2015 states in section 44. (2) In the performance of responsibility under subsection (1), an accounting officer shall- (c) ensure procurement plans are prepared in conformity with the medium-term fiscal framework and fiscal policy objectives and subject to subsection (3), submit them to the National Treasury	110,140,489.00 and 30,000,000.00	County Government of Elgeyo Marakwet	County Government to prepared procurement plans as required by the Public Procurement Law
5	Inadequate coordination between the County Government and the National Government resulting in under funding of Health Workers Allowances	Labour un-rest among front line health workers that may derail realization of COVID-19 interventions	680,000.00	County Government of Elgeyo Marakwet and Ministry of Health	Consultations to be held between the two levels of Government to confirm accurate numbers of Staff eligible for the Allowances
6	Failure to value donations in Kind received	Section 74(4) of the Public Finance Management (County	-	County Government of	Value and disclose donations as appropriate

		Government Regulations) of 2015, requires that, where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year		Elgeyo Marakwet	

Committee's Recommendation

The Committee recommends that the county government implements the recommendations detailed in the report of the Auditor General to eliminate irregularity, strengthen weakness and improve on overall managerial responsibility.

3.3.6 COUNTY GOVERNMENT OF EMBU

Planning, Budgeting and Financing

Absence of approved work plans, budgets, procurement plans and training plans Specific to COVID-19

3.3.6.1 Section 107(2) of the County Government Act, 2012 requires that County Government's plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.6.2 The special audit established that the County Government of Embu had developed a procurement plan and extracts of the approved budget for the Government of Kenya Conditional Grant (MOH) and the County Emergency Fund financed from its own source.

3.3.6.3 However, it was noted that the County did not avail the Embu County Appropriation Act and/or Supplementary Appropriation Acts I and II and therefore it was not possible to verify the accuracy of the above extracts of the said documents.

3.3.6.4 Further, and on the contrary, there was no evidence of existence of approved budget, procurement plan and training plan for the conditional Grants (DANIDA) received from the National Government. In addition, there was no approved work plan and budget for utilization of the Health Workers Allowances received from the National Government as detailed below:

Table 39: Planning and Budgeting in Embu County

1	Approved work plans	Not in place	Not in Place	Not in place	Not in place	Not in place	Not in place
2	Approved Budget	Extracts of supplementary budgets seen	Not in place	Not in place. To be included in the Budget for 2020/2021.	Extracts of supplementary budgets seen	Extracts of supplementary budgets seen	Extracts of supplementary budgets seen
3	Procurement plans	In place	Not applicable	Not in place	In place	In place	In place
4	Training plans	Not in place	Not applicable	Not applicable	Not in place	Not in place	Not in place

3.3.6.5 The Management explained that the absence of approved budgets, training plans and approved work plans was due to funds being received from the National Government towards the end and after the end of the financial year 2019/2020 and after the County had already concluded preparation of the 2020/2021 financial year budget estimates. The special audit established that the County was to include the expenditure for the Allowances of the front-line health workers and the conditional Grant by DANIDA in the supplementary budget for 2020/2021 Financial Year but this had not been done at the time of the audit.

3.3.6.6 The special audit observes that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. The funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance

Management Act, 2012 to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

3.3.6.7 It was recommended that:

- The County Government of Embu should ensure that the Conditional Grant (DANIDA) and Front-Line Health Care Workers' Allowances Funds were factored in the supplementary budget estimates for the financial year 2020/2021.
- The County Government should ensure approved procurement plans, approved work plans and training plans that were specific for COVID 19 activities were in place for the National Government Grant and DANIDA Funds
- In future, the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans. That would mitigate public funds from Value for Money risks.

Management Response

During the financial year 2019 / 2020, the approved budget had no provision for the Health Workers' Allowances and the DANIDA conditional grant. However, that was to be factored in the supplementary budget for the financial year 2020 / 2021.

Further, the Front-line Health Workers Allowances and the conditional Grant by DANIDA were received at the very end of the financial year 2019/2020 when the budget process had already been concluded. However, the same was duly factored in the subsequent supplementary appropriation.

During the time of the audit, the county had an approved budget and extracts were provided for audit review. Approved budget for the financial year 2019/2020, Embu County Appropriation Act 2020 and Supplementary Acts I and II were provided for review. Training and work plans were also provided for verification. The management had taken note of the recommendations for implementation.

Auditor General's Remarks

The Auditors had received documents and were satisfied with the evidence submitted.

Committee's Observations and Recommendations

The Committee noted the advisory from the auditor and the mitigation from the management and recommends that the Senate clears the audit query.

Amount of funds received by Embu County Government including recipient bank accounts

3.3.6.8 The total amounts of funds received by the Embu County Government for COVID 19 activities were as detailed below:

Table 40: Amount of Funds received in Embu County

	Source	Amount	Bank Name and Brach	Recipient bank account

1	GOK Conditional Grant	80,587,000	Embu County CRF – CBK	1000171014
2	DANIDA Funds	4,970,000	Embu County CRF – CBK	1000171014
3	GOK Front-Line Health Workers Allowances	48,465,000	Embu County CRF – CBK	1000171014
4	County Own Source Revenue • County Emergency Fund	19,000,000	Embu County Emergency Fund – CBK	1000451084
	TOTAL	**153,022,000**		

3.3.6.9 As at 31 July, 2020, an amount of Kshs.46, 366,641 being funds from the National Government (MOH) Conditional Grant were still being held in the Embu County COVID-19 Account at Family Bank Ltd - Account No.075000046491, Embu Branch into which the funds as shown in the table above were transferred from the Embu County COVID 19 Special Purpose Account No. 1000454652 held at the Central Bank of Kenya and also having been transferred from the Embu County Revenue Fund.

3.3.6.10 Further, an amount of Kshs. 4,970,570 being funds from DANIDA Conditional Grant were still being held in the Embu County Grant Operation Account at the Central Bank of Kenya - Account No. 1000250388, into which the funds as shown in the table above were transferred from the Embu County Revenue Fund.

3.3.6.11 In addition, an amount of Kshs. 1,098,983.87 being funds for the Allowances for the Front-Line Health Care Workers were still being held in the Embu County Revenue Fund Account at the Central Bank of Kenya - Account No. 1000171014.

3.3.6.12 Further, an amount of Kshs.16, 398,570 being funds from the County Own Source Revenue were still being held in the Embu County Emergency Fund Account at Family Bank Ltd - Account No.075000046490, Embu Branch into which the funds as shown in the table above were transferred from the Embu County Emergency Fund Account No. 1000451084 held at the Central Bank of Kenya and also having been transferred from the Embu County Revenue Fund.

Management Response

National Government (MOH) Conditional Grant

The Management confirmed that the amount of Kshs. 46,366,641 being funds from the National Government (MOH) Conditional Grant were still being held in the Embu County COVID-19 Account at Family Bank Ltd – Account No. 075000046491 during the time of Audit. The funds

were committed and awaiting the finalization of the supplies and the deliveries of Covid materials for the payments to be executed.

The process of payment is initiated upon supply, verification, receipt and acceptance of the supplies by the inspection and acceptance committee and thus the processes were not complete by the time of audit.

DANIDA Conditional Grant

The amount of Kshs. 4,970,570 being funds from DANIDA Conditional Grant were still being held in the Embu County Grant Operation Account at the Central Bank of Kenya –Account No. 1000250388. That amount was received in the County Revenue Fund on 30.06.2020. By the time of receipt, the budget for the financial year 2019/2020 had lapsed and the budget for the financial 2020/2021 had been finalized. The IFMIS system had been closed and thus no transfers to the health facilities could be effected. However, the money was wired to the health facilities as per the guidelines.

Front-Line Health Care Workers

During the period under review, the operating budget for Covid 19 and other Emergencies were as below-

s/no	DESCRIPTION AMOUNT	AMOUNT
1	**GOK Conditional Grant**	**80,587,000**
2	**GOK Front Line Health Workers**	**48,465,000**
3	**County Own Source**	**19,000,000**
4	**DANIDA Funds**	**4,970,000**

Transfers of funds from the County Revenue Funds are approved by the Controller of Budget upon provision of the budget and /or grants guidelines. In that case, no funds appropriated for the Covid 19 pandemic, health workers' allowances that were not transferred from the County Revenue Fund. All amounts due to the front line health workers as allowances were duly paid as was demonstrated by the Auditor's findings in 3.3.6.20.

County Own Source Revenue

The amount of Kshs. 16,398,570 being funds from the County Own Source Revenue were still being held in the Embu County Emergency Fund Account at Family Bank Ltd – Account No. 075000046490. The funds were committed and awaiting the finalization of the supplies and the deliveries of Covid-19 materials for the payments to be executed.

The process of payment would be initiated upon supply, verification, receipt and acceptance of the commodities by an adhoc committee and thus the processes were not complete by the time of audit.

Auditor General Remarks

The Auditors observed that he evidences submitted was satisfactory and mitigated on the query.

Committee's Observations and Recommendations

The Committee noted the advisory from the auditor and the mitigation from the management and recommends that the Senate clears theaudit query.

Utilization of COVID-19 funds by the Embu County Government

GOK Conditional Grant

Misallocation of COVID-19 funds from the Embu County COVID-19 Account - Kshs.38, 019,132

3.3.6.13 Section 53 (1) of the Public Finance Management Act (County Government) Regulation, 2015 provides that except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities. Section 53 (2) further provides that a public officer who makes a payment contrary to paragraph (1) commits an offence under the Act.

3.3.6.14 It was established that, as at 31 July, 2020, an amount of Kshs.38, 019,132 had been utilized for the construction of the BADEA Block B at the Embu Level 5 Hospital from the Embu County Covid-19 Account - Government (MOH) Conditional Grant. It was also noted that the second meeting for the COVID-19 Budgeting and Planning Committee was held on 16 July, 2020 and discussed among others, the operationalization of BADEA Block B. In that meeting, a request was made and approved to borrow Kshs. 38,019,132 from the COVID-19 Government Conditional Grant and later refund the amount from the Exchequer disbursements to the County. This amount, was to settle the Fifth (5th) Certificate of a contract entered into between the Embu Level five (5) Hospital and Njiwa Technologies Ltd for the execution of the proposed completion of BADEA Ward Block B, Embu Hospital, Contract No. EPGH/T/08/2018-2019/2019-2020/2020-2021 on 29 May 2020.

3.3.6.15 However, by the close of the audit exercise there was no evidence availed to show that the refund had been effected as per the approval in the above meeting by the COVID-19 Budgeting and Planning Committee.

3.3.6.16 It was recommended that:

- The County Government should put in place mechanisms to ensure prudent Management of the COVID-19 funds appropriated from the Government (MOH) Conditional Grant to ensure compliance with Public Finance Management Act.
- Further scrutiny should be conducted on utilization of funds under the Government (MOH) Conditional Grant to establish whether the COVID-19 funds utilized for

payment for the above contract were refunded back to the Embu County COVID-19 Account by the County Government of Embu.

Management Response

The Management submitted that the borrowing of COVID-19 funds from the Embu County COVID-19 Account- Kshs. 38,019,132 was necessitated by the dire need of isolation centers amidst the raging pandemic. Due to lack of funding from the National Treasury at the close of the financial year, the executive, through appropriation by the County Assembly, borrowed the available funds to complete the Badea Ward and be utilized for the purpose and later refund the conditional grants funds. However, by the time of the Audit, the County had not received the exchequer issues from the National Treasury for refund purposes. Upon the receipt of funds from the National Treasury, these funds were refunded to the Covid -19 grant account.

Auditor's Remarks

The Auditors confirmed receipt and verification of the evidence submitted on the refund

Committee Observation and Recommendation

The Committee noted the mitigation by the Management. However, the Committee recommends that the matter be reconsidered in the subsequent audit cycle to ascertain if the funds were refunded.

Un-utilized DANIDA Conditional Grant funds- Kshs. 4,970,570

3.3.6.17 As at 31 July, 2020, an amount of Kshs. 4,970,570 being funds from DANIDA Conditional Grant were still being held in the Embu County Grant Operation Account at the Central Bank of Kenya - Account No. 1000250388. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.6.18 The funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012 to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

3.3.6.19 It was recommended that that the County Government of Embu should swiftly plan to efficiently and effectively utilize DANIDA funds to address the emerging COVID- 19 related risks so as to realize value for money.

Management Response

The amount of Kshs. 4,970,570 being funds from DANIDA Conditional Grant were still being held in the Embu County Grant Operation Account at the Central Bank of Kenya –

Account No. 1000250388. That amount was received in the County Revenue Fund on 30.06.2020.

By the time of receipt, the budget for the financial year 2019/2020 had lapsed and the budget for the financial 2020/2021 had been finalized. The IFMIS system had been closed and thus no transfers to the health facilities could be effected. However, the money was wired to the health facilities as per the guidelines. The recommendation by the auditors were taken positively and acted on.

Auditor's Remarks

The Auditor notes the mitigation by management.

Committee's Observation and Recommendation

1. The Committee noted that the money was received in the County Revenue Fund on 30th June, 2020, at the lapse of the financial year.
2. The Committee recommends that the matter be reconsidered in the subsequent audit to confirm that the funds were utilized as per the guidelines.

Underfunding of frontline health workers allowances by the National Government- Kshs.161, 016.13

3.3.6.20 The approved amount for the Frontline Workers Allowances was Kshs. 48,465,000, however a total payment of Kshs.48,626,016.13 had been made as at 30 September, 2020, thereby leading to an over-payment of Kshs.161,016.13 on the approved amount. The variance/extra payment was charged on the recurrent vote - salaries item for Embu County Government.

3.3.6.21 The payments for the Allowances were carried out in the months of July, August and September 2020 amounting to Kshs.47, 366,016.13, Kshs.1, 200,000 and Kshs.60, 000 respectively and thus totaling to Kshs.48, 626,016.13. It was noted that included in the July, 2020 payment amount of Kshs.47, 366,016.13 was an amount of Kshs. 1,286,016.13 paid to officers who had retired from the service as illustrated in the table below.

3.3.6.22 As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent

Table 41: Utilization of Frontline Health Workers Allowances in Embu County

Approved (Kshs)	48,465,000
Utilized in July, 2020 salary (Kshs)	46,080,000
Utilized in July, 2020 salary (Kshs) - Retired Officers	1,286,016
Utilized in August 2020 salary (Kshs)	1,200,000

Utilized in September 2020 salary (Kshs)	60,000
Total Utilized (Kshs)	48,626,016
Variance/ Extra Payment (Kshs)	161,016

3.3.6.23 It was recommended that in future, appropriate consultations should be made between the National and County Governments to ensure that they generate accurate numbers of frontline employees to be paid at the County level. That would mitigate against risks of potential labor unrest among health workers and distortion of County Payroll budgets. That may also assist in ensuring that the counties will own the expenditure related to their health care workers and thus avoid instances of over-payment of Allowances.

Management Response

During the audit it was observed by the auditors that the amount computed and transmitted by the MOH was Ksh. 48,465,000.00. However during the payment the actual total payment was Kshs. 48,626,016.13 hence a variance of Kshs. 161,016.13. This difference was occasioned by differences in computing actual allowances by the MOH and the actual payments list in IPPD. The variance from the budgeted amount was due to unforeseen deployments done to the department of health after budget submission.

The Embu County paid health workers who were on duty for the period between April and June 2020. Employees who retired before 30th June, 2020?????? were paid pro rata to time. The Management was in agreement that in future there the MOH should liaise with county governments to ensure that such variances do not occur again by sharing county IPPD data and comparing with the ministry data information.

Auditor General's Remarks

The Auditor noted the variations between the computed actual allowances by the Ministry of Health and the County IPPD data.

Committee Observation and Recommendation

The Committee recommends the Management should, in future, ensure that there is consultation with the MOH to ensure that such variances do not occur again by sharing county IPPD data and comparing with the ministry data information.

County Emergency Fund

Irregular expenditure under Embu County Emergency Fund of Kshs. 2,599,790

3.3.6.24 Section 6 (1) and (2) of the Public Finance Management (Embu County Emergency) Fund Regulations, 2020 provides for the establishment of the Embu County Emergency Committee and the composition thereof. Subsection 5, further provides that the

Committee shall meet on quarterly basis unless circumstances otherwise require but the Committee Members shall draw Allowances for a maximum of two meetings in every quarter.

3.3.6.25 Further, Section 9 (2) of the Regulations provides that the County Executive Member shall administer the Emergency Fund for the County Government in accordance with a framework and criteria approved by the County Assembly. In addition, Section 10 (1) provides that subject to Regulation 11, the Executive Committee Member shall, with the approval of the County Executive Committee, make payments from the County Governments Emergency Fund only if satisfied that there is an urgent and unforeseen need; and sub-section 3 provides the definition of an unforeseen event.

3.3.6.26 It was established that, as at 31 July, 2020, an amount of Kshs.2,599,790 had been utilized from the Embu County Emergency Fund Account and a further Kshs.6,680,463 was utilized in the month of August 2020 from the same account.

3.3.6.27 However, it was noted that:

1. There was no evidence provided on the establishment and the composition of the Embu County Emergency Committee.
2. Similarly, there was no evidence availed to show that the above Committee held any meeting in compliance to the Public Finance Management (Embu County Emergency) Fund Regulations, 2020.
3. In addition, for the expenditure that was incurred and other than the budget extracts that were provided in support thereof, there was no other evidence that there was an approved framework and criteria by the County Assembly of Embu in compliance to the Regulations.
4. Scrutiny of the expenditure documents including the payment vouchers disclosed that there was no evidence to show that the County Executive Committee Member in charge of Finance obtained the approval of the County Executive Committee in making all the payments from the Embu County Emergency Fund Account. In addition, the expenditures incurred did not, in the opinion of OAG meet the threshold of an unforeseen event as contemplated in the Regulations.

3.3.6.28 It was recommended that the County Government should prepare mechanisms to ensure prudent Management of the COVID-19 funds appropriated from County Emergency Fund Account to ensure compliance with the Public Finance Management (Embu County Emergency) Fund Regulations, 2020.

Management Response

The regulation provided for the establishment of the Committee which was duly constituted as per the regulations. Evidence of the constitution was provided. The emergency committee met during the financial year. The report of the committee was approved by the cabinet and implemented. It was also forwarded to the County Assembly.

Further, the County Executive Committee Member for Finance sought the approval of the Cabinet and the approval was granted. (Minutes extracts attached)

Auditor General's Remarks

The Auditor confirmed that the documents were submitted and verified.

Committee Observation and Recommendation

The Committee having noted the mitigation by management and the advisory from the auditor recommends that the Senate clears the audit query.

Procurement Irregularities under Government Conditional Grant own source revenue funds

Procurement Plan

3.3.6.29 Section 21 (1)(a) of the repealed Public Procurement and Disposal Regulations of 2006 requires the annual procurement plan for each procuring entity to include a detailed breakdown of the goods, works, or services required.

3.3.6.30 It was established that the approved procurement plan for COVID -19 of 02 July, 2020 presented for audit review reflected three (3) major items namely Assorted Medical Equipment, Non pharmaceutical and linen and capacity building and equipping of isolation wards with amounts of Kshs. 12,000,000, Kshs. 18,000,000 and Kshs.50,000,000 respectively totaling to Kshs.80,000,000.

3.3.6.31 Further, scrutiny of the COVID-19 Budgeting and Planning Committee minutes of the meeting held on 15 June, 2020 established that, the Committee deliberated a detailed and itemized plan/budget of Kshs.69,534,500 leaving a balance of Kshs. 10,465,500 not budgeted for. Thus, the basis of Kshs.80, 000,000 in the procurement plan could not be fully supported.

3.3.6.32 It was also not clear, why the approved procurement plan for the COVID -19 was not detailed or itemized contrary to Section 21 (1) (a) of the Public Procurement and Disposal Regulations of 2006 or aligned with the budget approved by the COVID-19 Budgeting and Planning Committee meeting held on 15 June, 2020.

Management Response

That was done as collaborated by the Auditors observation on table Number 39, Item number 3 on page 121.

Additionally, during the meeting held by the planning committee held on 15th June 2020 a plan of Kshs.69,534,500 was done according to the needs from the respective departments by then. However, additional requirements of 10,465,500 were subsequently received and planned through a meeting held on 29th June 2020.

The items were consolidated because specific needs were uncertain due to the Covid-19 pandemic. This allowed the users to identify the needs as they were unique in nature. Similar items were consolidated together to allow room for planning as needs arise.

Auditor's Remarks

The Auditor noted the mitigation by management and confirmed that the documents submitted on the evidence of the meeting held on 29th June, 2020.

Committee Observation and Recommendation

The Committee noted the mitigation by the Management on the unforeseen items related to covid-19 Pandemic and the advisory from the Auditor and recommends that the Senate clears the audit query.

Payment for goods for the proposed completion of BADEA Ward Block B at Level 5 Hospital without evidence of deliveries- Kshs.38, 019,132

3.3.6.33 Section 48 (4) (e) of the Public Procurement and Assets Disposals Act, 2015 provides that the Inspection and Acceptance Committee shall— issue interim or completion certificates or goods received notes, as appropriate and in accordance with the contract.

3.3.6.34 It was ascertained that the Embu Level Five (5) Hospital entered into a contract with Njiwa Technologies Ltd for the execution of proposed completion of BADEA Ward Block B, Embu Hospital under Contract No. EPGH/T/08/2018-2019/2019- 2020/2020-2021 on 29 May 2020.

3.3.6.35 On 30 June, 2020 a payment of Kshs.38, 019,132 was made from the Embu County Covid-19 Account on the strength of a statement for payment of account certificate no.5 and being funds borrowed from this account as approved by the COVID-19 Budgeting and Planning Committee as mentioned elsewhere in this report.

3.3.6.36 However, upon physical verification at the site during our audit exercise and a comparison with the Bill of Quantities presented for payment, it was established that Goods on site and Civil works amounting to Kshs.3, 991,700.00 which had been included in the payment certificate No.5 and which had been paid for were not available at the site and therefore could not be confirmed as having been delivered as per the contract.

Management Response

The borrowing of COVID-19 funds from the Embu County COVID-19 Account- Kshs. 38,019,132 was necessitated by the dire need of isolation centers. Due to lack of funding from the National Treasury at the close of the financial year, the executive, through appropriation by the County Assembly, borrowed the available funds to complete the Badea Ward and be utilized for the purpose and later refund the conditional grants funds.

However, by the time of the Audit, the County had not received the exchequer issues from the National Treasury for refund purposes. Upon the receipt of funds from the National Treasury, these funds were refunded to the Covid-19 grant accounts.

The Management confirmed that the materials that were paid in Certificate No. 5 had been delivered at the time of payment request by the contractor and since the construction was ongoing they were unavailable during the audit for verification since they had already been used.

Further, the value of work executed during the time of valuation was as per the certificate No. 5 which was an interim valuation of work done. Further, contractually the county subjected 10% retention of every valuation for interim payment certificate which was payable on the completion of the works and after final measurements.

Auditor's Remarks

The Auditor confirmed verification of documents and the subsequent refunds made.

Committee observation and recommendation

The Committee noted the mitigation by management on the need to urgently provide for isolation centers to mitigate on the Covid-19 Pandemic.

Other procurement irregularities observed

3.3.6.37 During the special audit of the procurement processes of the utilization of the COVID-19 funds some procurement irregularities were established and have been summarized below: -

a. Confidential business questionnaires for some bidders within the same tender (request for quotations) bear the same telephone number and email address pointing to possibility of single sourcing
b. Appointment of Inspection and Acceptance Committee not availed for audit review
c. Inspection and Acceptance Committee not indicating date of Inspection and Acceptance
d. Inspection and Acceptance Committee report omitted completely.
e. Original Local Purchase Orders filed in the procurement file or attached to the Payment Voucher instead of having been issued to the winning bidder
f. Minutes of the Quotation Evaluation Committee attached to some payment vouchers indicate that Chairperson of Committee was Damaris Wanjeru (who did not sign), 3 members and 1 secretary while Minutes in the procurement file showed that Joseph Njoka was the Chairman of the Committee and 2 members and 1 secretary. That points to inconsistencies in the procurement documentation which casted doubt on the procurement processes of some of the tenders.
g. Professional opinions provided by the Head of Procurement function at the County and attached to some payment vouchers indicate that the request for quotations was guided by Sec 96(1) of the Act (Open Tendering) while it should in fact be Sec. 105 (Request for

quotations)

h. Possibility of splitting of tender to avoid open tender method for some quotations.
i. A supplier who was requested for quotations not appearing in the list of prequalified suppliers in the respective category.
j. Counter Receipt Vouchers (Form S 13) serials not in Counter Receipt Book register maintained at the County Headquarters
k. Issued Local Purchase Order number for a tender differs from that in inspection & acceptance form
l. Amount of awarded tender/quotation was higher than the budgeted amount by Kshs. 100,000 giving rise to the issue of how that would be funded
m. Procurement method used in one instance was Request for Quotation yet it was above the threshold of Kshs.2 Million recommended for request for quotations method thus pointing to avoidance of open tendering method.
n. Distribution lists for the procured branded rice and cooking oil (which appeared to be relief food) were not availed for audit review and therefore the audit could not confirm if the items reached the intended beneficiaries.

Management Response

The contacts of the list of pre-qualified suppliers

(a). From the pre-qualification list that was used to invite suppliers, the contacts were not similar as seen in the attached list of suppliers. The similar phone numbers were realized during the response document. However, the prices were competitive and time was of essence, hence there was value for money.

Inspection report

(b). All COVID -19 goods were inspected by appointed members as evidenced in the attached appointed letters

(c). The inspection and acceptance was carried out with subsequent preparation of inspection minutes, which was dated on various dates of inspection, and the inspection certificate in the subject file indicated the date of inspection.

(e). The original Local purchase order attached to the payment voucher or in the subject file were retrieved and issued to the supplier and the right copies were attached to the respective voucher and subject file

(f). Damaris was away during the time of the exercise which prompted the appointment of another chairperson (Joseph Njoka) to form quorum for the purpose of undertaking the evaluation exercise.

(g). **Citing of sec 96 (1) instead of sec 105**

During audit it was realized that Sec. 96 of PPAD Act, 2015 was cited in the professional opinion instead of sec 105 which refers to request for quotation. The anomaly was corrected and professional opinion was attached for committee's review.

(h). Splitting of tenders

When the COVID -19 epidemic was experienced, procurement of goods was being undertaken as the needs were received from the various user department. Considering time was of the essence. It was not possible to wait for all needs for consolidation purpose. Requisition were received on different date and executed as received, however those requisition that were above the quotation threshold, open tendering method was used.

(i). Pre-qualification

Embu County Government, maintains a list of pre-qualified suppliers for different categories of goods, works and services. The reservation for special groups (AGPO) also maintained separately some of the procurement were targeting AGPO and might not appear in the other categories. All invited suppliers were either in the general or reserved group.

(j). The health department maintains Counter Receipt Register (CRB) that records all accountable documents for the department.

(k). The Local Purchase Order (LPO) that was used was no. 3277914 and therefore the erroneous entry in the inspection and acceptance certificate Local Purchase Order (LPO) no. 3266914 was corrected and they had attached the corrected inspection and acceptance certificate for review.

(l). An estimate of 1.9 million was provided through a requisition which was raised by the department of health for purchase of surgical mask under the vote of non –pharmaceuticals which was allocated a budget of Kshs 30 million. The 2 million that was competitively awarded for the same, were budgeted for in the same vote and therefore there was no budget deficit. The Kshs 1.9 million was only the estimate amount and not the budget.

(m). Procuring of goods above two million threshold- The procurement was done in line with PPAD regulation 2020, that came in operation on 2nd July 2020 providing a threshold of KShs 3,000,000 for procurement of goods and services as per circular issued by National Treasury. The said procurement was initiated on 6th July 2020.

Food distribution list

(n) Embu county government procured branded rice and cooking oil and distributed to the most affected members of the community across all the four sub counties during the Covid-19 lockdown.

Committee Observation and Recommendation

1. The Committee noted mitigation by the management on the distribution of food to the vulnerable during lock down. The Committee observed that the audit query had been mitigated satisfactorily.

2. The Committee recommends that the audit query is resolved.

Stores Records

3.3.6.38 It was established that the procurements for goods and equipment carried out by Embu County utilizing the Covid-19 Funds, were received in two main stores at the County Health Headquarters and at the Embu Level 5 main store.

3.3.6.39 The main observations from the physical verification exercise were as follows: -

1. The goods and equipment were properly taken on charge and recorded in the store ledger cards/bin cards - forms S3 and S5
2. equipment as indicated in the forms S3 and S5 and the summary of observations is as stated below: -
    a. The stores records for the delivery and distribution of foodstuffs (relief food) which were delivered by WACC General Limited, Jatomy Supermarkets Limited and Slopes Et Peak Premium Products Limited, were not clear on how the goods were received and how they were eventually distributed since the details were not availed for audit review.
    b. The other goods/equipment which had balances in the two stores were confirmed physically and the audit team visited four sites namely, Embu Level 5 hospital isolation facility, Ishiara Level 4 hospital isolation facility, Siakago Level 4 hospital isolation facility and Kiritiri Level 3 hospital isolation facility in order to verify the washing machines that had been received from Seca Medical Ltd and subsequently distributed to various isolation facilities across the County. Out of the 4 washing machines verified only one had been installed ready for use while 3 were in the hospitals but had not been properly installed for use.

3.3.6.40 The special audit also established that, the stores at the County Health Department main store and the Embu Level 5 main store were not well maintained since the COVID-19 related supplies (goods/equipment) were all mixed in the same stores with other supplies of the County and therefore identification was not easy while the possibility of concealing fraudulent activities was high.

3.3.6.41 It was recommended that the County Management ensured that the various stores were properly arranged and records were properly maintained to avoid the possibility of mix up of various supplies or loss of the same altogether.

Management Response

All goods and equipment were properly taken on charge and recorded in the stores and observed by the Audit.

a) Food stuff received from Wacc general limited, Jatomy supermarket and Slope and Peak Premium Products were received in stores and issued to relevant department for distribution. The relevant documents namely; S13 (Counter Receipt Voucher) to confirm the receipt of the goods into the store, and S11 (Counter Issue Voucher) to confirm the issue of goods from the store were issued accordingly.

b) The equipment was purchased in preparedness and specifically for covid -19 pandemic. However, there was no budget provision of the installation of the three phase power to the point of installation, the county therefore procuring while sourcing for funds to provide three phase power to the point of installation and at the same time, wards in those facilities were being renovated and altered to meet Covid 19 isolation ward standards. The management had however submitted the budget to the county assembly for approval.

c) Further, all covid-19 related goods, were received and stored in the main stores located at the Embu level five hospital, as the space to segregate the consignment was a challenge given that the pandemic outbreak had not been foreseen for logistical planning. However, S13 (Counter Receipt Voucher) and S3 card (Stock Control Card) were maintained for proper accountability of all items as procured.

Auditor General's Remarks

The Auditor confirmed that the documents had been verified and were satisfactory.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Governor and the advisory from the Auditor recommends that the Senate clears the audit query.

Other Financial and Non-Financial observations on utilization of Covid-19 funds

Incomplete/Unavailable books of accounting

3.3.6.42 It was established that the County Government of Embu prepared Cashbooks and Bank Reconciliation Statements for the Embu County Grant Operation Account (DANIDA Conditional Grant) for the period to 31 July, 2020.

3.3.6.43 However, it was established that the Cashbook and Bank Reconciliation Statements for the Embu County Emergency Fund Account (County Own Revenue) for the period to 31 July, 2020 was being prepared during the audit exercise and OAG therefore relied on the bank statements and the payment vouchers for the audit which had been provided at the start of the audit. The bank reconciliation statements were also not signed by the County.

3.3.6.44 Further, it was established that the Cashbook for the Embu County COVID-19 Fund Account (Government Conditional Grant for the period to 31 July, 2020 was poorly prepared and did not contain some details relating to the receipt and/or payment vouchers, while the Bank Reconciliation Statements for the same period were not availed at all.

3.3.6.45 It was also established that the Special Budget Review Implementation Report on Utilization of Funds by County Governments Towards Covid-19 Interventions of 21 August, 2020 by the Controller of Budget indicated that Embu County had budgeted utilization of Covid-19 Funds comprising of Kshs.141, 487,000, actual receipts in the CRF Account of Kshs. 146,487,000 and Exchequer Releases from the CRF Account for operation of Kshs.92, 587,000.

3.3.6.46 However, the special audit established that Embu County had budgeted utilization of Covid-19 Funds comprising of Kshs. 99,587,000, actual receipts in the CRF Account of Kshs.153, 022,000 and Exchequer Releases from the CRF Account for operation of Kshs. 104,557,000.

Management Response

The Embu County Government duly prepares cash books and does bank reconciliations on all of its accounts including the Embu County Emergency Fund Account, and the Covid-19 within a given time frame monthly.

On the Report on Utilization of Funds by County Governments towards Covid-19 Interventions, the Management concurred with the audit finding that the Embu County Government received a total of Ksh153, 022,000 as illustrated in the table below being funds towards the fight against the COVID 19 pandemic. All the funds were duly budgeted for in the supplementary budget for the year 2020/2021.

Auditor General's Remarks

The Auditor confirmed verification of the supplementary budget.

Committee Observation and Recommendation

The Committee having noted the mitigation by the Governor and the advisory from the Auditor recommends that the Senate clears the audit query.

Donations channeled through Ministry of Health and KEMSA to Embu County

Failure to Account for Donations received from KEMSA

3.3.6.47 The special audit established that the donations of COVID-19 related medical supplies and medical equipment that were channeled through MOH and KEMSA were received at the Embu County Headquarters and were taken on charge at the Embu Level 5 main store.

3.3.6.48 The special audit carried out a physical verification of the balances of donations of the goods and equipment received from MOH and KEMSA that were still held in the stores.

From the exercise the following summary of observations were noted:

a) Receipts of 100 pieces of PPE Kits could not be ascertained since the goods received note was not availed for audit review.
b) 1,564 pieces of shoe covers out of the 49,282 indicated as being in the store could not be accounted for.
c) 66 boxes of KN5 face masks out of the 250 boxes indicated as being in the store could not be accounted for.
d) 39 face shields out of the 296 indicated as being in the store could not be accounted for. Receipts of 4 boxes of Surgical Face Masks 3 ply could not be ascertained since the goods received note was not availed for audit review nor was there any entry in the bin card.
e) Receipts of 1000 boxes of Face Masks - non-woven without exhalation valve (white) could not be ascertained since the goods received note was not availed for audit review nor was there any entry in the bin card.
f) Receipts of 5 face shields could not be ascertained since the goods received note was not availed for audit review nor was there any entry in the bin card.

Management Response

All covid-19 related goods were received distributed to various centers in the County and stored in the respective stores in the various hospitals with S13 (Counter Receipt Voucher) and S3 card (Stock Control Card) were maintained for proper accountability of all items as procured and all donations received.

Auditor General's Remarks

The Auditor confirmed that the donations has since been accounted for but should be reflected in the Financial Statements.

Committee Observation and Recommendation

1. The management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.

2. The Committee recommends that the records be verified in the subsequent audit cycle.

3.3.7 COUNTY GOVERNMENT OF GARISSA

Planning, Budgeting and Financing of COVID-19 Interventions and Expenditure

Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 activities

3.3.7.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.7.2 The special audit established that the County Government of Garissa had in place a work plan, procurement plan and approved budget for the GOK Conditional Grant but did not have a training plan for the same. In addition, the GOK Frontline Health Workers Allowances had been factored in the budget of Garissa County.

3.3.7.3 Further, there was no evidence of existence of work plans, approved budget, procurement plan and training plan for the County Emergency fund, County COVID- 19 Emergency Fund, DANIDA Conditional Grant, Kenya Devolution Support Programme (KDSP). It was also established that the GOK Frontline Health Workers Allowances were not included in any detailed work plans or procurement plan of the County as detailed below:

Table 43: Planning and Budgeting for Garissa County

		GOK Grant	GOK Health Workers	DANIDA	County Emergency Fund	County Covid 19 Emergency	KDSP
1	Approved work plans	In place	Not in place	Not In Place	Not In place	Not In place	Not In Place
2	Budgets	In place	In place	Not In place	Not Applicable	Not Applicable	Not In place
3	Procurement plans	In place	Not applicable	Not in place	Not In place	Not Applicable	Not In place
4	Training plans	Not in place	Not applicable	Not in place	Not In Place	Not In place	Not In place

3.3.7.4 In addition, it was established that the County Government of Garissa had neither established the County Emergency Fund nor the County COVID-19 Emergency Fund.

3.3.7.5 The Management explained that the absence of approved budgets, training plans and procurement plans was because funds were received from the National Government towards the end of the financial year 2019/2020 after Counties had already concluded preparation of the 2020/2021 financial year budget estimates.

3.3.7.6 However, the special audit observes that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. The funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012 to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

Amount of funds received by Garissa County Government including recipient bank accounts

3.3.7.7 The total amounts of funds received by the Garissa County Government for COVID 19 activities were as detailed below:

Table 44: Amount of Funds received for Garissa County

	Source	Amount (Kshs)	Bank name and branch	Recipient bank account
1	GOK Conditional Grant	41,619,000	Central	1000171499
2	DANIDA funds	7,735,000	Central	1000171499
3	GOK Health Workers Allowances	39,165,000	Central Bank	1000171499
4	Kenya Devolution Support Programme	30,000,000	Central Bank	1000171499
	TOTAL	**118,519,000**		

3.3.7.8 As at 31 July, 2020, funds from DANIDA conditional Grant and Kenya Devolution Support Programme were still held at the Garissa County Revenue Fund Account number 100017499. The GOK Conditional Grant had been transferred to the recurrent account number 1000170972 and then County COVID-19 Emergency Fund (Equity Bank) Account number 0580279892131 for use

while funds for the GOK Health Workers Allowances were not transferred but utilized at the County Revenue Fund Account number 1000171499.

Utilization of COVID-19 funds by Garissa County Government

Un-utilized Kenya Devolution Support Programme (KDSP) and DANIDA Conditional Grant funds

3.3.7.9 As at 31 July, 2020, funds from DANIDA Conditional Grant and KDSP funds were still held at the Garissa County Revenue Fund Account number 1000171499.This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.7.10 It is recommended that that the County Government of Garissa should swiftly plan to efficiently and effectively utilize DANIDA Conditional Grant and KDSP funds to address the emerging COVID-19 related risks so as to realize value for money.

Management Response

The under-utilization was due to the absence of approved budgets, training plans and procurement plans because funds were received from the National Government towards the end of the financial year 2019/2020 after the conclusion of the preparation of the2020/2021 financial year budget estimates.

During the time of audit no funds had been utilized but then after confirmation of funds transfers to level 2 & 3 health facilities all beneficiary health facilities in-charges were asked to prepare budgets for submission for utilization purpose.

Auditor's Remarks
The County received the money after the end of the Financial Year.

Committee's Observation and Recommendation
The Committee observed that there were delayed exchequer releases to the county and the funds could not be spent. The Committee recommends that the Office of the Auditor-General reviews the matter in the next audit cycle for COVID-19 Funds.

Underfunding of frontline health workers Allowances by the National Government

3.3.7.11 The appropriated amount for the Frontline Workers Allowances was Kshs.39,165,000, however a total payment of 39,180,000 was made, thereby leading to an over expenditure of Kshs. 15,000 on the appropriated amount. The over payment was charged on the salaries vote for Garissa

County Government.

3.3.7.12 The payments for the Allowances were carried out in the July and August 2020 salary payments totaling to Kshs.39, 030,000 and Kshs. 150,000 respectively. However, there were no explanations availed for the over expenditure of Kshs. 15,000 as illustrated in the table below. As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent.

Table 45: Utilization of Frontline Health Workers Allowances in Garissa County

Appropriated (Kshs)	39,165,000
Utilized in July, 2020 salary (Kshs)	39,030,000
Utilized in August 2020 salary (Kshs)	150,000
Total Utilized (Kshs)	39,180,000
Variance/ Extra Payment (Kshs)	15,000

3.3.7.13 It is recommended that in future, appropriate consultations should be made between the National and County Governments to ensure they generate accurate numbers of frontline employees to be paid at the County level. This will mitigate against risks of potential labor unrest among health workers and distortion of County Payroll budgets.

Management Response

The national government has not consulted the county government of Garissa during the planning time for the health care allowance for actual amount required/needed for the health care allowance. They just allocated some estimated amount. This has created shortage of ksh 15,000 that was supplemented by County government.

Auditor's Remarks

The Auditor observed that there was no clear collaboration between the County Government and the national Government on the number of frontline health workers who were to be paid their allowances.

Committee Observation and Recommendation

The Committee recommends that there should be adequate communication between the National Government and county governments concerning the number of health care workers in the counties.

Non-compliance with the framework for Management of additional conditional Grant for COVID -19 emergency response.

3.3.7.14 The framework for Management of additional conditional Grant for COVID -19

emergency response required that the accounting officers (Chief officer of Finance £t Chief officer of Health) to ensure the funds are disbursed from Country Revenue Fund (CRF) to Special Purpose Account (SPA) within fifteen (15) working days (after receiving the funds), strengthen County capacity for the response to COVID-19 pandemic specifically geared to enhancing the capacity for isolation and Quarantine Centres and build the capacity of health workers to respond to COVID-19 through trainings as per guidelines.

3.3.7.15 It was established that, the conditional Grant was received in the County revenue fund (CRF) account on 04 June 2020 and transferred to the County recurrent account on 03 July, 2020. It was then transferred to the County emergency fund account at Equity Bank on 09 July, 2020 for utilisation. Therefore, the funds were not disbursed to the Special Purpose Account in the required 15 working days which would have been around 26 June,2020.

Management Response

Due to the stringent process of transferring funds from County Revenue Fund account to recurrent account then to special purpose account which involves other Government departments like Controller of Budget, National Treasury and the Central Bank it was not possible to transfer the funds within 15 working days. See annex attached for request of funds

The funds were disbursed to the counties as an emergency to respond on covid-19 pandemic during the financial year 2019-2020 ending 30th June 2020 and the transferring the funds became a challenge since there was no line budget of the same awaiting to be captured in the financial year 2020-2021 prompting late transfer of funds done on 18th August 2020 to Garissa county-Special purpose account (spa) upon approval by the county assembly.

(Attached is the copy of SPA Statement confirming transfer of funds from CRF to SPA-Garissa kitty). (007)

Auditor's Remarks

It was observed that at the time of audit, the County had not operationalized all the requirements of opening bank accounts setting up a Covid-19 special purpose account and setting up bed capacity.

The County received the money after the end of the Financial Year.

Committee's Observation and Recommendation

It is true that the County could not open up the special purpose account within the constrained time. However, this should be followed in the next audit cycle.

The Committee observed that there were delayed exchequer releases to the County. The Committee recommends that the audit query be retained in view in the subsequent audit cycle.

3.3.7.16 Further, in the framework for the Management of the Grant, the enhancement of the capacity for isolation and quarantine centres, required the County to have a total of 516 beds for COVID-19 patients and 10 beds for patients requiring critical care. However only 125 beds were procured. Out of the 125 beds, 71 beds are still lying idle in the stores and had not been distributed to the designated quarantine or isolation centres as at 23 October, 2020.

Management Response

The health department procured 125 beds for purposes of isolation and quarantine centres. However, the County had complied with the requirement for quarantine and isolation centers by having in place a total of 300 beds as was required for all Counties as the president directive in the entire county.

The 71 beds that are still stored: 50 pieces are meant to be equipped to a new isolation Centre which is still under construction and the remaining 21 pieces was distributed to Garissa County Referral Hospital to handle the high Case load in the facility with COVID-19 Centre.

Garissa Sub County remained to be the epic Centre of the outbreak where more beds are required. Most of the other sub counties were reporting zero or few cases that required minimal beds.

The County had the following bed distribution that fairly optimal for COVID Pandemic GCRH - 80, IFO Camp 100, Dagahaley 45, Hagadera 20, Masalani 15, GK Prisson 10, Modogashe 10, Liboi 30 totalling to 310 beds in the entire county.

Auditor's Remarks

The centre was not fully operational at the time of audit.

Committee Observation and Recommendations

The matter be retained in view in the subsequent audit cycle.

3.3.7.17 The County presented a report on Garissa County data base of Health Care Workers trained on COVID-19 dated 19 August 2020 which revealed that a total of six (6) trainings were conducted between the month of April and August 2020 and a total of 217 Health Care Workers were trained. From the report, three (3) trainings (training no.2, 4 &5) were supported by the National Government. However, no reports were availed to confirm that the trainings were conducted. The County also did not provide any guidelines or training plans for audit review.

Management Response

Following the World Health Organization declaration of COVID-19 pandemic, seven health managers were selected for preparedness training on March 12th– 14th 2020. Upon returning from the national preparedness and response training, the team embarked on a series of trainings training from health managers and then cascaded to the general health care workers.

The health department has planned to train all Health Care Workers and sensitize all support staffs on COVID-19 cases management and response measures in order to overcome and manage the pandemic. Since the virus was new, the health care workers had limited knowledge about the diseases and hence the need to train them. The health department has captured the training needs in the GSA County preparedness and response plan that was developed in March 2020 after the outbreak in Kenya.

The health department has a total of 1665 health care workers to be trained in phases depending on the availability of funds as the spread of the pandemic continued. The department has shared the plan with health partners for support that included the National government, UNICEF, WHO, Kenya Red cross and other partners were able to support some of the trainings. Annex attached Garissa Preparedness plan (001)

The training report was always available as the report is developed immediately after the trainings are completed. Perhaps there was administration gap to support staff handling the auditors. Attached annex find the technical report on number of trainings, training dates and number of participants trained in each of the sessions. Attached Annex (002)

I) Training policy see annex attached -003
II) The County Emergency Fund see annex attached -004
III) Approved work plan see annex attached -005

Procurement Plan see annex attached -006

Auditor's Remarks

The documents were not availed during the audit period.

Committee Recommendation and Observation

The Committee observes that the documents were not provided for audit. The auditor should follow up in the next audit cycle.

Under-utilization of Conditional Grant.

3.3.7.18 The conditional Grant of Kshs.41, 619,000 was budgeted for in supplementary II and gazetted on 16 June 2020. However, out of Kshs.41,619,000 which was budgeted for and had been received on 04 June 2020 in the CRF, only an expenditure of Kshs.11,000,000 had been incurred as at 31st July, 2020 thereby resulting to an unspent balance of Kshs.30,618,400. No

plausible reasons were availed for the unspent balance thereby indicating that there was some element of inefficiency on the part of the County Government spending of COVID-19 funds.

Management Response

The underutilization was due to the absence of approved budgets, training plans and procurement plans because funds were received from the National Government towards the end of the financial year 2019/2020 after the conclusion of the preparation ofthe2020/2021 financial year budget estimates. This was due to the need comply with the various sections of the Public Finance Management Act and regulation before expenditure.

The funds were disbursed to the county revenue funds at the end of financial year 2019/2020 on 30th June 2020 from the National treasury in which it was not factored in the budget of 2019/2020 only for it to be factored in the financial year 2020/2021. So, during the time of audit no funds had been utilized due to the absence of a budget and procurement plans in place where there was need of compliance in to public Finance Management act and regulations before expenditures. (008).

Auditor's Remark

There were no work specific budgets, work plans, procurement plans in relation to the conditional grant.

Committee Observation and Recommendations

The Auditor should follow up whether there were supplementary budget and approved work plans after the audit.

Procurement Irregularities under Conditional Grants.

Irregularities in the tender opening processes

3.3.7.19 Section 78 (5) of The Public Procurement and Asset Disposal Act, 2015 provides that the Tender Opening Committee shall assign an identification number to each tender and record the number of pages received. Under Section (10) (b) the Tender Opening Committee shall prepare Tender Opening minutes which shall set out the particulars of those persons submitting tenders, or their representatives, who attended the opening of the tenders. Section (11) (a) requires an acknowledgement that the minutes are a true reflection of the proceedings held, and each member of the Tender Opening Committee should initial each page of the minutes.

3.3.7.20 It was established that, Under the Government conditional Grant, the County floated two (2) tenders; Tender No.CGG/Health/T/001/2020-2021 and CGG/Health/T/002/2020-2021 for supply of 75,000 face masks and 125 patient beds respectively.

3.3.7.21 The invitation to tender for tender no. CGG/Health/T/002/2020-2021 was done on 02 July, 2020. Five (5) firms placed their bids namely:

- Econo Logiqs Ltd
- Jatz Investments
- Nzuneru Enterprises Ltd.
- Saxco International Co. Ltd
- Northern Pillars Ltd

3.3.7.22 The tender opening was done on 09 July, 2020 and evaluation was undertaken on 10 July, 2020 and Jatz Investments was recommended for award of the tender. The Inspection and Acceptance Committee was appointed on 20 July, 2020 and submitted their signed report on 20 July, 2020.

3.3.7.23 However, it was noted that the Tender Opening Committee did not record the number of pages of each tender received, the Committee was comprised of 3 members whereas 4 persons had signed on tender document for the successful bidder, the Minutes of the Tender Opening Committee did not contain particulars of persons submitting tenders or their representatives that attended the Tender Opening Committee and the members of the Tender Opening Committee did not initial each page of the minutes. This was contrary to the provisions of the Public Procurement and Asset Disposal Act, 2015.

Management Response

The tender opening committee of the tender CGG/HELATH/T/001/2020-2021 and CGG/HEALTH/T/002/2020-2021 For supply of 75,000 face masks and 125 patient hospital beds prepared by tender opening minutes which intend clearly captures the particulars of the bidder/bid submitted and can still be availed for review.

1. On same note, during the opening exercise of the two tenders the bidders did not turn up/show up neither sent representatives, therefore the department went ahead for the opening exercise due to the urgency of the matter.
2. All tenders received were clearly marked with numbers for easy identification and each opening committee member initial each and every page of the tender document.
3. The tender opening committee recorded the number of pages of each tender received hence available for further audit review.
4. An erroneous member signed on the successful bidder and the error was corrected and available for further audit review.
5. On same note, during the opening exercise of the two tenders the bidders did not turn up/show up neither sent representatives, therefore the department went ahead for the opening exercise due to the urgency of the matter.

All tenders received were clearly marked with numbers for easy identification and each opening committee member initial each and every page of the tender document. Annex Tender no. 009 beds and 010 Mask folders.

Auditor's Remarks

The County Government admitted that the fourth person signed by error.

Committee Observations and Recommendations

In future, the County should be careful on who signs their tender documents. They should ensure that the people who serve in the Ad hoc Committee have appointment letters.

Non-compliance with the guidelines set out for operationalization and use of DANIDA Conditional Grant Funds - Kshs.7, 735,000.

3.3.7.24 The Chief Executive Officer of the Council of Governor vide Ref No.COG/6/40/2A in a letter dated 10 July, 2020 on transfer of additional DANIDA funds for COVID-19 for FY 2019/2020 directed that the transfers of these funds from CRF to DANIDA/THS- UC Special Purpose Account be done within fifteen (15) working days and to the gazetted Level 2 and 3 facilities within ten (10) working days failure to which some penalties were to be effected. Further, the dates for the transfer of funds to the SPA was to be before Thursday, 30 July, 2020, and to the gazetted health facilities by Thurday, 13 August, 2020 and a copy of the SPA bank Statement sent to the Cluster Coordinators confirming the transfers of these funds.

3.3.7.25 It was established that DANIDA Conditional Grant was credited to the Garissa County Revenue Fund Ac/No. 1000171499 on 30 June 2020. On 18 August, 2020, the County Government credited the Special Purpose Account No. 1000268228 with Kshs.7, 735,000 and debited the funds to the respective health facilities on 18 September 2020. However, it is evident that the directives of the Chief Executive Officer vide Letter Ref No.COG/6/40/2A on 10 July were not observed as follows: -

- The money was not credited to the SPA Account on 30 July, 2020 but the same was done on 18 August 2020.
- The funds were transferred to the gazetted level 2 and 3 health facilities on 18 September 2020 not as directed on 13 August 2020.
- No evidence has been provided that a copy of the SPA bank statement had been sent to respective cluster Coordinators confirming the transfers of these funds.

3.3.7.26 The County Government did not adhere to the guidelines from the Council of Governors which may have affected the effectiveness of the COVID-19 interventions.

DANIDA Conditional Grant Funds

3.3.7.27 Under DANIDA funds comprising of Kshs.7, 735,000, no money had been utilized as at 31 July, 2020. However, during our audit, it was observed that the money had been transferred to

the Special Purpose Account on 18 August, 2020 and later on 18 September, 2020 disbursed to the beneficiaries' health facilities.

Other-Audit observations

Pending Bills

3.3.7.28 There were no pending bills observed in the County Government of Garissa.

Accountability of Donations

3.3.7.29 Items received from KEMSA and MOH were received at the County Drug Store and some had been distributed to the various health facilities. There were no donations noted from other donors. There was no evidence that the Donations were valued and recorded in the books of accounts of the County Government.

Management Response

As earlier stated due to the stringent process of transferring funds from County Revenue Fund account to recurrent account then respective gazzetted level 2 and 3 health facilities will involves other Government departments like Controller of Budget, National Treasury and the Central Bank, it was not possible to transfer the funds by 13 August 2020. See annex attached for request of funds

During the time of audit there was nothing to present to the auditor confirming adherence to the guidelines from the council of governors' secretariats office due to late transfers all through, but as it stands now guidelines have been observed and adhered to the latter.

(As attached in both responses annex 3.3.7.25(a) (b) and(c).

Auditor's Remark

Confirmed receipt and verification of the responses and they are satisfied with the response.

Committee Observation and Recommendations

The Committee having noted the mitigation by the management and the advisory from the auditor, it recommends that the Senate clears the audit query.

Irregularities, Weaknesses and Managerial Responsibility

3.3.7.30 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 46: Irregularities, Weaknesses and Managerial Responsibility in Garissa County

Irregularity / Weakness	Risk	Amount (Kshs)	Responsibility

1	Disbursement of GOK DANIDA funds to Garissa County Government without the County Government having in place a budget and a Covid-19 specific procurement plan to facilitate effective and efficient utilization of	Ineffective fiscal response to Covid-19 risks that may result in issues of Value for money.	7,735,000	County Government of Garissa and Ministry of Health
2	Inadequate coordination between the County Government and the National Government resulting in under-funding of Health Workers Allowances	Underpayment of frontline health workers	15,000	County Government of Garissa and Ministry of Health
3	Failure to prepared appropriate systems and procedures to guide emergency procurement of COVID-19 items resulting in violation of the Public Procurement and Asset Disposal Act, 2015	Violation of section 78(5)(10b)(11a) of the PPADA, 2015 that requires accounting officers to prepared systems and procedures to guide procurement process	11,000,000	County Government of Garissa

3.3.7.31 It is recommended that:

- The County Government of Garissa should ensure that the National Government Grant and Health Care Allowances Funds are factored in the supplementary budget estimates for the financial year 2020/2021
- The County Government should ensure approved procurement plans and training plans that are specific for COVID 19 activities are in place for the National Government Grant and DANIDA Funds
- In future, the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans. This will mitigate public funds from Value for Money risks.

3.3.11 COUNTY GOVERNMENT OF KAKAMEGA

Planning, Budgeting and Financing

Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 resulting in failure to utilize Government Grants- Kshs. 120,445,000

3.3.11.1 Section 107(2) of the County Governments Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.11.2 There was no evidence that the County Government of Kakamega had in place approved work plans and procurement plans for COVID-19 prevention, mitigation and response contrary to section 107(2) of the County Government Act, 2012 that requires that County Government plans shall be the basis for all budgeting and spending in a County. The work plan provided by the Management and marked prepared by T*he County Rapid Response Team* was undated, lacked approvals and the period which it related to. In addition, another work plan titled 'Covid-19 Workplan' was also availed by the Management but it also not dated, lacked approvals and did not indicate the period which it related to.

Management Response

1. The Management submitted as shown in the table:

Source of funds	Amount	Approved Budget	Work plan	Procurement plan	Remarks
Covid-19 Grant(GOK)	262,173,000	There was approved budget	Available. (appendix 4- Approved work Plan)	Available (appendix 1- procurement plan)	The dated and approved work plan is provided (appendix 4-Approved work plan). These were not available at

					the time of audit because the former chief officer who resigned had not handed over the records and the related data.
Emergency Fund	105,000,000	There was approved budget	The approval of emergency work plan was being done in phases. The first approval was Khs. 52.328 m. Subsequently, the balance was approved (appendix 5- Approved work plan for emergency fund & 13-Covid-19 fund-emergency budget)	Procurement plan was based on the first approval only	The funds were approved in phases.
DANIDA	11,515,000	This was included in the supplementary budget for 2020/2021(appendix 6- Extract of Health Services Revised budget)	Work plan Available (Appendix 7) Disbursement schedule(appendix 12)	The funds were disbursed directly to the health facilities	The County received DANIDA Fund when FY 2019/2020 had elapsed and the budget for FY 2020/21 had already

					been approved.
Covid Health Allowances-(GOK)	78,930,000	The County received the Fund when FY 2019/2020 had elapsed.	Approval (appendix 8)	Not applicable	Approval was provided via circular from the National Government (appendix 8). The circular was dated 8th April 2020.
KDSP Grant-World Bank	30,000,000	There was approved budget	Copy of approval of work plan available (appendix 10-approved work plan)	Copy available	The approval was done on 20th August 2020 when FY 2019/2020 had elapsed.

2. Failure to utilize Covid-19 Funds

Though section 135 of Public Finance Management Act 2012 allows use of funds not appropriated, this can only be done within the specific financial year. Some of the covid-19 Funds were received after the closure of the financial year and therefore could only be appropriated in the Financial Year (2020/2021) through supplementary budget.

- DANIDA Funds were disbursed on 30th June 2020 at the closure of the FY 2019/2020 when the budget for the following year had been approved by the County Assembly (23rd June 2020). For the funds to be utilized, it had to be incorporated in the first supplementary budget for FY 2020/2021. (Appendix 6)
- The funds were committed awaiting payment upon delivery of ICU equipment and beds
- Utilization of KDSP Fund on programmed activities was based on the donor approval which had not been effected. The donor approval was done on 20th August 2020.(Appendix 10)
- The KDSP Funds were disbursed on 2nd July 2020 when the budget for the following year had been approved by the County Assembly (23rd June 2020). This was provided in the supplementary budget for FY 2020/21.

Schedule of Covid-19 funds disbursements

source	Amount (Kshs)	Date disbursed
DANIDA	11,515,000.00	30th June 2020
KDSP	30,000,000.00	2nd July 2020
GOK-Front line Health Workers grant	78,930,000.00	6th July 2020

2. Under funding of front line Health workers

The covid-19 medical health workers allowances were computed by the National Treasury based on the Integrated Personnel and Payroll Data Base (IPPD) data and the computation excluded other cadres. However the County had additional medical health workers whose data had not been captured in IPPD. These were paid alongside those in IPPD. This led to the County paying additional Kshs.6, 165,000.

4 .Financial and non-financial reporting of covid-19 Funds

Besides the Covid-19 report submitted to the Office of the Controller of Budget, the County also submitted similar report to the Ministry of Health Services (appendix 14- submission of expenditure report).

5. Failure to include estimates of non-cash donations in the budget

The amount could not be provided in the budget because it was not possible to anticipate donations in terms of time and value. However the County maintained an inventory of all the donations.

Auditor's Remarks

The county has provided an approved work plan for Covid 19 as shown in appendix 29.1 to 29.15

Committee Observation and Recommendation

The Committee having noted the mitigation by the management and the advisory from the auditor, it recommends that the senate clears the audit query.

3.3.11.3 The procurement plans provided for the Covid-19 for financial year 2020-2021 were also undated, incomplete, and did not indicate the preparer. Further, procurement plans for the County's Own Funds, only covered Kshs. 52,328,000 yet the amount utilization was Kshs 105 Million. It was also established that the following three (3) tenders amounting to Kshs. 51,152,000 were awarded, delivered, and paid without any evidence that the items had been captured in the procurement plan and existence of budgetary approval.

Table 75: Expenditures incurred in Kakamega County without evidence of Procurement

Planning.

	Company	Tender No.	Particulars of Supplies	Payment Voucher No	Amount (Kshs)
1	Binoti	CGKK/MOH/024/2019-2020	Supply and delivery of protective personal Equipment Kit of Covid-19	E029	24,000,000
2	Bokaj	CGKK/MOH/024/2019-2020	Supply and delivery of protective personal Equipment Kit of Covid-19	E031	12,000,000
3	Megh cushions	CGKK/MOH/022/2019-20	Supply and delivery of masks Items are Water resistant Head Gear, N95 Masks, Surgical disposable face masks	E030	15,521,000
	TOTAL				51,521,000

Management Response

The above items were planned for and captured as item code number 264099 in the Procurement plan Pursuant to Sec 53 (2), PPADA, 2015. (Appendix 1-extract of procurement plan).

However, the estimate cost varied from a unit price of Kshs. 5,000 as captured in the Procurement plan to a unit price of Kshs. 8,000 due to market forces.

Auditor's Remarks

The Auditor confirmed receipt and verification of the documents and were satisfactory

Committee Observation and recommendation

The Committee having noted the mitigation by Management and the advisory from the Auditor recommends that the Senate clears the audit query.

3.3.11.4 Further, the tenders were awarded on 13 July, 2020 and 17 July, 2020, yet the approval for utilization of the funds by the County Executive Committee was sought later on in 28 September 2020 vide a letter referenced OG/CGK/ECM/2/3/vol. I (233). However, the evidence for approval was not provided.

Management Response

The Management submitted that since there was an urgent need for the items, procurement process was initiated Pursuant to Section 69 (2), PPADA, 2015 which states:

"No procurement approval shall be made to operate retrospectively to any date earlier than the date on which it is made except on procurements in response to an urgent need". This procurement qualified as an urgent need.

The request was later approved by CECM - Finance and Planning as attached (Appendix 2-Approval).

Auditor's Remarks

The Auditor verified the approvals and noted the mitigation by management.

Committee Observation and recommendation

The Committee noted the mitigation on that the procurements were made in response to an urgent need to manage the Covid-19 Pandemic and noted the advisory from the Auditor that it has since been regularized and recommends that the Senate clears the audit query.

3.3.11.5 The 2nd Supplementary Budget for the financial year 2019/20 was submitted to the County Assembly on 30 April, 2020. This is in line with Article 223 of the Constitution, section 135 of the PFM Act, 2012 and section 39 of the PFM Regulations, 2015 that gives permission for introduction of supplementary appropriations for the County Government to appropriate funds in cases of inadequacies or where an emergency has arisen. This covered the GOK Conditional Grants, Own Source Revenue and County Emergency Funds. However, there were no approved Budgets for GOK Health Care Allowances, DANIDA Funds and the Kenya Devolution Support Project (KDSP). In addition, there were no training plans in place for any of the funds received as detailed below:

Table 76: Planning and Budgeting in Kakamega County

		GOK Grant	GOK Health Workers Allowances	DANIDA	County Emergency Fund	KDSP
1	Approved work plans	Not in place	Not in place	Not in place	Not in place	Not in place
2	Budgets	In place for Kshs.262,173,000	Not in place	Not in place	In place Kshs. 105,000,000	Not in Place
3	Procurement Plans	In place for Kshs.262,173,000	Not applicable	Not in place	In place for Kshs.52,328,000	Not In place

4	Training Plans	Not in place	Not applicable	Not in place	Not In Place	Not In place

3.3.11.6 The Management explained that the absence of approved budgets, training plans and procurement plans was because funds were received from the National Government towards the end of the financial year 2019/2020 after Counties had already concluded preparation of the 2020/2021 financial year budget estimates.

Amount of funds received by Kakamega County Government including recipient bank accounts

3.3.11.7 The total amounts of funds received by the Kakamega County Government for COVID 19 activities were as detailed below:

Table 77: Amount of funds received in Kakamega County

	Source	Amount (Kshs)	Bank name and branch	Recipient bank account
1	GOK Conditional Grant	262,173,000	CRF	1000171383 (BANK??????)
2	DANIDA funds	11,515,000	CRF	1000171383 (BANK??????)
3	GOK Health Workers Allowances	78,930,000	CRF	1000171383 (BANK??????)
4	**County Own Source Revenue**			
	County Emergency Fund	105,000,000	CRF	1000171383 (BANK??????)
5	Kenya Devolution Support Programme (KDSP)	30,000,000	CRF	1000171383 (BANK??????)
	TOTAL	????????????????		

GOK Conditional Grant, DANIDA funds and the Kenya Devolution Support Programme (KDSP)

Failure to utilize Covid-19 funds exposing public funds to Value for Money Risks- Kshs.408, 688,000

3.3.11.8 As at 31 July, 2020, funds from the National Government Grant, KDSP and DANIDA funds had not been utilized. Further, DANIDA funds had not been disbursed to the health facilities until 7 September, 2020, when a total amount of Kshs. 11,324,510 was transferred to the health

facilities' Bank Accounts based on work load while Kshs. 190,490 was still held in the Special Purpose Account. The funds from DANIDA had not been utilized by the health facilities as at the time of completion of audit. This was attributed to late disbursement of the funds from the Special Purpose Account to the health facilities' bank accounts and absence of approved budgets, work plans and procurement plans to facilitate the spending.

3.3.11.9 However, the special audit observed that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. The funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to invoke section 135 (1) of the Public Finance Management Act, 2012 to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

GOK Health Workers Allowances

Underfunding of Frontline Health Workers Allowances by the National Government.

3.3.11.10 The appropriated amount of funds for the Frontline Health Workers Allowances was Kshs. 78,930,000. However, a total payment of Kshs.85, 050,000 was made, thereby leading to a variance of Kshs.6, 165,000 on the appropriated amount. The extra payment was charged on the salaries vote for the Kakamega County Government. However, legible personnel erroneously left out on the payments were paid in the August, 2020 as detailed in the table below.

3.3.11.11 As earlier noted, there was no evidence of existence of an approved work plan and budgets on how the funds were to be spent.

Table 78: Payment of the Frontline HealthWorkers Allowances in Kakamega County

Appropriated (Kshs)	78,930,000
Utilized in July, 2020 salary (Kshs)	85,050,000
Utilized in August 2020 salary (Kshs)	45,000
Total Utilized (Kshs)	85,095,000
Variance/ Extra Payment (Kshs)	**6,165,000**

County Emergency Funds

3.3.11.12 As at 31 July, 2020, a total of Kshs. 103,821,000 had been utilized for COVID- 19 related activities from the County Emergency funds. A review of this expenditures, established the following irregularities:

Procurement of goods and services without evidence of conducting market survey

3.3.11.13 Section 8(3) (z) of the repealed Public Procurement and Disposal Regulations, 2006 requires the procurement function of the procuring entity to carry out market surveys to inform the placing of orders or adjudication of tenders by the relevant awarding authority

3.3.11.14 There was no evidence that the County Government of Kakamega conducted a market survey in budgeting and procurement of COVID-19 items. The reason given by the County Government Management was that there was time pressure brought upon by the emergency nature of Covid-19.

Management Response

Under the circumstances, it was not feasible to conduct market survey due to strict travel restrictions, protocols and guidelines issued by the Ministry of Health. In addition, there was time pressure brought about by the emergency nature of Covid-19 and high demand against short supply that affected market prices. However, system prices by KEMSA provided baseline pricing for most of the procured items.

Auditor's Response

The Auditor advised that the mitigation was satisfactory

Committee Observation and recommendation

The Committee having noted the mitigation by management and the Advisory from the Auditor on the Use of KEMSA pricing list for the procured items recommends that the Senate clears the audit query.

Awarding of tenders to newly registered companies with doubtful experience - Kshs 24 Million

3.3.11.15 The special audit established that, M/S Binoti Ltd, was awarded the tender number CGKK/MOH/024/2019-2020 for the supply of Personal Protective Equipment (PPE) kits worth Kshs. 24 Million. A review of the company registration documents submitted during bidding, established that the company was incorporated on 10 March, 2020 obtained a business permit on 17 June, 2020 and bid for the tender on. 24 June, 2020. The company was awarded on 17 July, 2020 supplied and paid through payment voucher No. E029.

Management Response

The Public Procurement and Asset Disposal Act, 2015 does not prohibit any potential tenderer on

the basis of time of registration/ incorporation. All the bidders were given an equal opportunity based on the set criteria in the tender document regardless of the year of registration. However, Binoti Investment Limited, P.O. Box 78772 – 00507, Nairobi was not registered in the year 2020 as indicated in the special audit report but was registered on 10th March, 2019 as attached (appendix 3-certificate of incorporation of the successful bidder).

The set evaluation criteria included aspects of prior experience. The winning bidder attained the set minimum requirements as required. (Appendix 14 –evaluation criteria and score and appendix 15- evaluation scores).

Auditor's Response

The Auditor observed that indeed the law does not prohibit any potential tenderer on grounds of time of registration.

Committee observation and recommendation.

The Committee observed that although the Procurement Law does not prohibit any potential tenderer on grounds of time of registration, the management should, in future, guard risk of public funds considering the amounts of the tender and lack of experience.

Irregular Tender Opening

3.3.11.16 Section 46 (4) (b) of the Public Procurement and Asset Disposal Act, 2015 requires that an Evaluation Committee shall consist of between three and five members appointed on a rotational basis comprising heads of user department and two other departments or their representatives and where necessary, procured consultants or professionals, who shall advise on the evaluation of the tender documents and give a recommendation on the same to the Committee within a reasonable time.

Management Response

This procurement apart from being urgent attracted many bidders. The approval of evaluation committee consisted of various categories of technical teams specific to individual tenders. The approved evaluation committee also consisted of 3 procurement officers as secretariat for various tenders. Actual evaluation of each tender was limited to five (5) evaluators Pursuant to Section 46 (4), PPADA, 2015.

Auditor's Response

The Auditor confirmed verification of documents and were satisfactory.

Committee Observation and recommendation

The Committee having noted the advisory from the Auditor and the Mitigation from the Governor recommends that the Senate clears the audit query.

3.3.11.17 Section 78 (9) of the Public Procurement and Asset Disposal Act, 2015 requires that each member of the Tender Opening Committee shall sign each tender on one or more pages as determined by the Tender Opening Committee and initial, in each tender, against the quotation of the price and any modifications or discounts, where applicable.

3.3.11.18 The special audit reviewed the documents in relation to tender number CGKK/MOH/013/2019-2020, for the supply and delivery of medical equipment and cleaning materials for mitigation of the covid-19 risks It was established that, nine (9) officers were appointed to the Evaluation Committee of the tender. The Evaluation Committee constituted therefore comprised four (4) members above the maximum of five (5) members as recommended under section 46 (4) (b) of the Public Procurement and Asset Disposal Act, 2015. In additions, it was established that the Tender Opening Committee failed to append signatures against the tender documents contrary to section 78 (9) of the Public Procurement and Asset Disposal Act, 2015.

Financial and Non-Financial Reporting on Covid-19 funds

3.3.11.19 It was established that while the County Government of Kakamega produced and submitted to the Controller of Budget one financial report on utilization of Covid-19 funds that was published, there was no evidence that the County Government of Kakamega generated other monthly reports on utilization of COVID-19 funds.

Auditor General's Remarks

The Auditor notes that the county should continuously submit both financial and non-financial reports to the Auditor General and Controller of Budget for verification.

Committee Observation and Recommendation

The Committee recommends that the county should continuously submit financial and non-financial reports in compliance with the law.

Accountability of Donations

Failure to include estimate of non-cash donations in the budget

3.3.11.20 Section 74 (4) of The Public Finance Management (County Government) Regulations, 2015 requires that, where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year. The special audit Team examined the approved budgets and the succeeding supplementary budgets I and II in the financial year 2019/2020. It was established that the County Government of Kakamega did not estimate the value of donations received from KEMSA, Ministry of Health and other Donors and consequently reflect in the relevant books of accounts and the budget contrary to section 74 (4) of The Public Finance Management (County Government) Regulations, 2015.

3.3.11.21 The sources of Covid-19 related items available for use in County Government of Kakamega were purchases and donations from the National Government and private institutions. The special audit Team obtained a schedule of Donations detailing the distribution of Donations from the Ministry of Health through KEMSA to Counties.

3.3.11.22 It was established that, some of the items had been received by County Government of Kakamega as dispatched from KEMSA/MOH. The high moving consumables such as surgical and KN95 masks, coveralls, sanitizers and face shields were already being used. Therefore, the team could only confirm that indeed the number dispatched was received, properly recorded in the stores bin cards and requisitioned before issuance. However, for the large machines such as the Oxygen Support Set, we confirmed receipt and were able to physically count and confirm their numbers. The audit however noted lack of uniformity in description of goods bought about by different specifications of goods of similar usage. Equipment described as heated humidified high flow nasal cannula oxygen therapy device oh- 70c ventilator in the KEMSA schedule was confirmed to have been recorded as Oxygen support set in the Bin cards. In addition, there were goods dispatched from KEMSA/MOH to Kakamega County that were not received as detailed in Part 2 of the table below.

3.3.11.23 It was also observed that there were donations in the County's schedule, specified to be from KEMSA but not included in the schedule of donations the team had received at KEMSA headquarters for verification in the counties. It was therefore not possible to establish the accuracy of the donations dispatched to the facility as detailed in part 3 of the table below:

Table 79: Accountability of Donations in Kakamega County

PART 1: DONATIONS RECEIVED FROM KEMSA/MOH				
Donor	Item	Quantity	D.note	Verificatio
SLOVAKIA REPUBLIC	Hand sanitizer disinfectant 25	2	99404	✓
SLOVAKIA REPUBLIC	KN95 FFP2 Respirator	300	99404	S
THS MOH WB (UNICEF	KN95 FACE MASK	1000	99553	V
THS MOH WB (UNICEF	FACE SHIELD	100	99553	V
CHINA MEHECO	SHOE COVERS	20	1000067	V
CHINA MEHECO	KN95 FACE MASK GREY	100	1000067	v
CONSORTIUM LED BY STANBIC BANK	HEATED HUMIDIFIED HIGH FLOW NASAL	5	D. Note not clear	✓
KENYA EMBASSY-	Infrared Thermometer	20	99553	✓
GOVERNMENT OF KENYA	VENTILATORS	2	99387	■/
GOVERNMENT OF KENYA	KN95	50	99387	V
GOVERNMENT OF KENYA	KN95 FFP2	81	99387	✓

GOVERNMENT OF KENYA	FACE SHIELD	1580	99387	✓
GOVERNMENT OF KENYA	SURGICAL GOWN XXLARGE	50	99387	y
GOVERNMENT OF KENYA	SURGICAL GOWN MEDIUM	50	99388	y
GOVERNMENT OF KENYA	SURGICAL GOWN LARGE	250	99388	y
GOVERNMENT OF KENYA	SURGICAL GOWN XLARGE	350	99388	y
JACK AAA 2	VENTILATORS	1	99387	y
PART 2: DONATIONS FROM KEMSA/MOH NOT RECEIVED BY THE COUNTY				
UNEP	Gloves -Latex Powdered Pair	10	99388	X
THS MOH WB (UNICEF	BODY BAGS ADULT	50	99553	X
THS MOH WB (UNICEF	COVERALLS XL	1000	99553	X
THS MOH WB (UNICEF	COVERALLS LARGE	1000	99553	X
CHINA MEHECO	EYES PROTECTIVE	50	1000067	X
CHINA MEHECO	SURGICAL GLOVES 7.0	1	1000067	X
CHINA MEHECO	SURGICAL MASK 3PLY	20	1000067	X
CHINA MEHECO CORPORATION	COVERALLS- DISP MEDICAL	100	1000067	X
KENYA EMBASSY-CHINA DCI	FACE MASK 3Ply with ear loop	300	D. Note not clear	X
GOVERNMENT OF KENYA	FACE MASKS 3PLY	80	99387	X
GOVERNMENT OF KENYA	KN95 FFP2	9	99387	X
JACK AAA 1	MEDICAL DISP CLOTHING	40	No delivery	X
JACK AAA 1	Face shields	40	No delivery	X
				□
PART 3: DONATIONS NOT INCLUDED IN THE KEMSA SCHEDULE				
Donor	Item	Quantity	Bin Card No.	Verification
KEMSA	JIK	40	0289402	✓
KEMSA	PPE	4000	0289433	
KEMSA	KN95 Masks	369	0289406	y
KEMSA	KN95 Masks	5000	0289406	y
KEMSA	KN95 Masks	21	0289406	y
KEMSA	Gloves clean medium	500	00214266	y
KEMSA	Sunlight soap	12288	0289418	y
PART 4: DONATIONS FROM OTHER PARTNERS				
KENHA	Surgical gloves 7.5	500	00214267	Y
KENHA	SHOE COVERS (MEDIUM)	600	00214268	Y
KPC	Sanitizer 20litres	80	187447	Y
KPC	Sanitizer 20litres	70	187073	Y
KPC	Sanitizer 20litres	85	187121	Y
KPC	Sanitizer 20litres	1400		Y
PSA	Handwashing tanks 70 litres	4	0289425	✓
I PAS	3 plv face masks (packets)	20	2403	✓
I PAS	Sanitizer 500ml	40	2403	V
I PAS	Liquid hand soap 500ml	40	2403	■/
I PAS	Chlorine solution 5litres	40	2403	V

US EMBASSY	Non-medical face masks	109800	289426	✓

Auditor General's Remarks

The auditor observed that some of the donations indicated as having been received by the county were actually not delivered at the county. The list of donations received was availed for audit verification.

Committee Observation and Recommendation

The Committee recommends that the management should obtain nominal values of the donations received and include in the financial statements of the County for the subsequent financial year.

Irregularities, Weaknesses and Managerial Responsibility

3.3.11.24 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 80: Irregularities, Weaknesses and Managerial Responsibility for Kakamega County

	Irregularity / Weakness	Risk	Amount	Responsibility	Recommendatio
1	Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 resulting in failure to utilize Government Grants	Value for money risks		County Government of Kakamega	County Government to prepared a appropriate work plans that are linked to budgets to ensure efficient and effective
2	Failure to utilize Covid-19 funds from the National Government Grant, KDSP and DANIDA funds exposing public funds to Value for Money Risks-	Value for money risks	408,688,000	County Government of Kakamega	The County Government of Kakamega should swiftly plan to efficiently and effectively utilize funds to address the emerging COVID-19 related risks so as to

3	Underfunding of Frontline Health Workers Allowances by the National Government	Potential labor unrest among health	6,165,000	County Government of Kakamega	Appropriate consultations should be made between the National and the
		And distortion of County Payroll budgets.			Governments so as to generate accurate numbers of frontline employees to be paid at the County
4	Procurement of goods and services without evidence of conducting	Failure to realize Value for	Various	County Government of Kakamega	Ensure Compliance with Public
5	Awarding of tenders to newly registered companies with doubtful experience -	Failure to realize Value for Money	24 Million	County Government of Kakamega	Further investigations to be conducted to ascertain
6	Irregular Tender Opening	Violation of the PPADA,	Various	County Government of Kakamega	Ensure Compliance with Public
7	Failure to include estimate of non-cash donations in the budget	Violation of the PFMA, 2012	Not applicable	County Government of Kakamega	Ensure donations are valued and appropriately reflected in books of accounts and financial

Committee observation and Recommendation

The Committee recommends that the County Government implements the recommendations detailed in the report of the Auditor General to eliminate irregularity, strengthen weaknesses and improve on overall managerial responsibility.

3.3.18 COUNTY GOVERNMENT OF KITUI

Programme planning and Financing

Violation of Ministry of Health Framework for Management of Conditional Grant in budgeting for the Conditional Grant-Kshs. 120,358,000

3.3.18.1 Section 107 (2) of the County Government Act, 2012 stipulates that County Government plans shall be the basis for all budgeting and spending in a county. Section53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved by the County Executive Committee Member responsible for the entity. In addition, Section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary estimates of County Governments.

3.3.18.2 Further, the Ministry of Health Framework for Management of additional conditional grant for Covid-19 emergency response required that the County Government Accounting Officer ensure that the funds were included in the estimates of the County Health Budget for the FY 2019/20.

3.3.18.3 The special Audit also revealed that Kitui County Government had approved budgets and training plans as summarized below. Further, it was observed that the County did not have a consolidated approved work plan and procurement plan but rather each of the aforementioned departments that were allocated Covid-19 funds had their own.

Table 144: Planning and Budgeting in Kitui County

		GOK Grant	Frontline Healthcare workers allowances	DANIDA	Kenya Covid-19 Emergency Response Fund	KDSP
1	Approved work plans	Available	Not applicable	Available	Available	Available
2	Budgets	Available	Not factored in Supplementary 2 budget for 2019/2020 but in the budget for 2020/21 kshs.68,430,000	Not factored in Supplementary 2 budget for 2019/2020 but in the budget for 2020/21 kshs.9,730,000	Available Kshs. 300,000,000	Available Kshs.30,140,998

3	Procurement plans	Available	Not applicable	Not applicable	Available	Not applicable
4	Training plans	Available	Not applicable	Not applicable	Available	Available

3.3.18.4 The audit however observed that the County had budgeted for the conditional Grant and the Kenya Covid 19 Emergency Response Fund in the supplementary 2 budget of 2 June 2020 for the County across four of its departments, namely Health, Trade, Agriculture and Education, ICT and Youth Development as illustrated in the table below;

Table 145: Budgeting for Covid Exepnditures in different Departments

	Department	Budgeted Amount (Kshs)
1	Health Services	265,934,531
2	Trade, Cooperatives and Investment	55,000,000
3	Agriculture	45,000,000
4	Education, ICT and Youth Development	62,383,000
	Total	428,317,531

3.3.18.5 This is contrary to the Ministry of Health framework for conditional Grant that required the conditional Grants to be factored in the estimates of the County health budget for the FY 2019/2020.

Management Response

Lack of approved budget for Kshs. 120,358,000

Contrary to what appears in the audit report, Kshs. 120,358,000 grant was budgeted and appropriated under the Ministry of Health to deal with Covid-19 challenges as can be seen under the Vote lines No 3110202, 311110 and 311101 of Kitui County Supplementary II of financial year 2019/2020.

The County had budgeted conditional grants and COVID 19 emergency response funds in supplementary II of June 2020 for the County across four departments (Health, Trade, agriculture education, ICT and Youth development. The County used the funds to holistically address the burden arising from COVID 19 pandemic as captured under supplementary budget II for 2019/2020. In preparing the budget, the county was guided by the Public Finance Management (Covid-19 Emergency Response Fund) Regulations, 2020, (Legal Notice No. 38) specifically section 4(2) (c) and 4(2) (f).

Lack of consolidated work plan and procurement plan under Ministry of health

The Ministry prepared a work plan and a procurement plan for the KSHS. 120,358,000 for the COVID 19 Funds as part of the approved supplementary budget. That was also confirmed in the Audit report.

Auditor's Remark

The Governor confirmed that the conditional grants were shared across various departments contrary to the Ministry of Health Framework.

The Guidelines on the use of COVID 19 funds were clear and it was important to ensure that the money is reverted back to the Department of Health in the subsequent financial estimates.

Despite the framework being breached, it is important to note that money was not lost.

Committee Observation and Recommendations

1. The Committee observed that the conditional grant was budgeted for across four departments (namely Health, Trade, Agriculture and Education, ICT and Youth Development) contrary to the Ministry of Health Framework for Management of additional conditional grant for Covid-19 emergency response that required that the funds be factored in the Department of Health estimates.

2. The Committee recommends that the amounts be refunded in full from the other departments to the Department of Health in the subsequent Financial Estimates. The Committee, further, recommends that the Governor reports progress to the Senate on the status of the refund within 60 days of adoption of this report.

3. The Committee observes that the audit query remains unresolved and recommends that it be retained in view in the subsequent audit cycle.

The Committee further recommends administrative action against the County Executive Committee Member of Health, County Executive Committee Member of Finance and the County Chief Office Finance who failed to follow the guidelines.

Lack of approved Budget for the Frontline Healthcare Workers Allowances – Kshs.68, 430, 000

3.3.18.6 Section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies for approval within 2 months after the first withdrawal to ratify the expenditure.

3.3.18.7 The special audit noted that the Frontline Healthcare Workers Allowances was received on 6 July, 2020 in the CRF Account number 1000171111 after the budget for 2020/2021 had been

approved on 30 June 2020. The allowances were paid out in the month of July, August and September 2020. However, as at the time of Audit, the funds had not been included in any budget.

3.3.18.8 The Kitui County Government should ensure that the frontline healthcare workers allowances are factored in the supplementary budget for the financial year 2020/21.

Management Response

The Kshs.68, 430,000 for Frontline Health Workers Allowances and Kshs.9.73 Million for DANIDA were received in the County on 30 June 2020 and 6 July 2020, respectively. For that reason, the funds could not have been factored in the budget for 2019/2020 FY, as it was already prepared and submitted to the County assembly.

However, those funds were factored in the 2020/2021 Ministry of Health budget by increasing the related salary budget from Ksh. 2,200,621,963 to Ksh. 2,269,051,963 as a consequence of the Ksh. 68,430,000 additional allowances for health workers.

Auditor's Remarks

The County Government had submitted the approved budgets for verification as directed by the Committee.

Committee Observations and Recommendations

1. Allowances for March, April and May, 2020 were paid in the payroll for July, August and September, 2020. That was because the disbursement was done on 6th July, 2020.
2. The Kitui County Government had included the frontline healthcare workers allowances in the supplementary budget for the financial year 2020/21.
3. The Committee observes the evidence of pay had not be submitted therefore the matter should be kept in view in the subsequent audit cycle.

Disbursements/ Financing

Amount of funds received by Kitui County Government including recipient bank accounts

3.3.18.9 The audit established that Kitui County received a total of Kshs. 527,484,655 towards Covid-19 response as shown below:

Table 146: Amount of funds received by Kitui County

	Source	Amount	Bank name and branch	Recipient Bank account	Date received

1	GOK Conditional grant	120, 358,000	CBK-head office	1000171111	4 June 2020
2	DANIDA- UHC Health Programme Support Additional	9,730,000	CBK-head office	1000171111	30 June 2020
3	GOK Health workers Allowances	68,430,000	CBK-head office	1000171111	6 July 2020
4	Kenya COvid 19 – Emergency Response Fund	298,966,655	CBK-head office	01141303838201	3 August 2020
5	KDSP	30,000,000	CBK-head office	1000171111	2 July 2020
	Total	527,484,655			

Failure to transfer Conditional Grant to the Covid 19 Special Purpose Account-Kshs.120, 358,000

3.3.18.10 The Treasury issued a no objection letter on 01 July, 2020 vide letter Ref: No. AG.17/01 Vol. 17/ (120) instructing counties to open a special purpose account for these funds. The County Treasury Kitui sent its request to open a special purpose account on 09 July, 2020 to the CBK vide letter ref no: CGOK/CT/BSI/9/1/43.

3.3.18.11 The audit also revealed that the full amount of the conditional grant of Kshs. 120,358,000 was credited to the CRF Account No. 1000171111 on 04 June 2020. On 15 June 2020 the full amount was transferred from the CRF account to the Kitui County CBK Recurrent Account N. 1000170654.

3.3.18.12 The money was not transferred to the Kitui Covid 19 account number 1000455543 as required but remained in the Kitui County CBK Recurrent account number 1000170654. That was contrary to the conditions stipulated in the framework for management of additional conditional grant for Covid 19 Emergency Response.

3.3.18.13 The audit observed that DANIDA funds totaling to Kshs.9, 730,000 was credited to the CRF Account number 1000171111 on 30 June 2020. On 10 July, 2020 the full amount was transferred from the CRF account to the Kitui County Transforming Health Systems-UC (THS) account number 1000334142. As at the time of audit, no disbursements to the Health facilities had been done.

3.3.18.14 Frontline Healthcare Workers Allowances of Kshs.68, 430,000 was received in the CRF account number 1000171111 on 6 July 2020. On 9 October 2020, Kshs.

68,430,000 was transferred from CRF to Kitui County Covid 19 account number 1000455543. On the same day, Kshs. 66,510,000 was transferred from Kitui County Covid 19 account number to the CBK Recurrent Account number 1000455543 to the CBK Recurrent Account number.

3.3.18.15 The Kenya Devolution Support Programme (KDSP) that totaled kshs. 30,000,000 was received on 02 July 2020 in the CRF Account number 1000171111 and transferred to the KDSP Account number 1000371064 on 10 July, 2020 from where it was spent.

Management Response

The delay in transferring the Kshs 120,358,000 to COVID Special Purpose Account (SPA) was occasioned by the fact that those funds were meant to address COVID 19 emergencies across the country. The funds were disbursed to the counties on June 4, 2020 and the National Treasury issued a no objection to the counties to open SPAs on July 1, 2020.

The situation on the ground demanded that they continued giving interventions on the fight against covid-19 such as contact tracing, disease surveillance and provision of personal protective equipment. For purposes of accountability, Kitui County opened a separate file where they filed all vouchers and all documents relevant to that fund. The file was made available for audit purposes.

By the time the County got instruction on what to do, they had already started spending the funds since it was an emergency.

On the matter of DANIDA Funds, the annual budget estimates for 2020/21 was submitted to the County Assembly on 30 April 2020 but was approved late September 2020. It was also not possible to transfers the funds between July 2020 and September 2020 despite the fact that those funds were meant to facilitate COVID 19 mitigation measures in the health facilities. However, the funds have since been transferred to health facilities accounts on 26 October 2020

On the issue of Frontline Healthcare Workers Allowances, the County Treasury requests funds from the Controller of budget as per the summaries of salaries provided by the Human Resources Department. The initial request from the salaries department was for Kshs 66,510,000, being the amount payable to various health workers as allowances as provided for in the approved Salaries and Remuneration Commission guidelines. The remaining amount was for those workers whose details had not been forwarded by the County Department of Health. Later, their payroll details were provided and paid. Therefore, the whole amount of Kshs. 68,430,000 was paid to healthcare workers.

Auditor's Remarks

The instructions for the establishment of the special purpose account were received later after the funds were transferred. The establishment of a special purpose account was recommended to ensure easier accountability. The county has complied with the directions and has since opened a special purpose account.

Committee Observations and Recommendation

1. The MOH Framework for Emergency Fund required counties to open Special Purpose Account for the conditional grant. This was to ensure accountability in the use of funds. It was therefore mandatory that counties open the account before utilization of the fund.
2. The Committee notes that the directive to establish a Special Purpose Account came a month after the conditional grant was deposited in to the County Revenue Fund and Kitui County had already began to spend the sums before receiving the directive.
3. However, the decision by Kitui County Government to spend the funds from the Recurrent Account after the directive was irregular and a violation of the framework.
4. The County eventually complied with the directive to open a Special Purpose Account.

The Committee notes the remarks by the auditor and the mitigation by the county and therefore recommends that the audit query is resolved.

Irregular receipt of Kenya Covid-19 Emergency Response Funds from Kitui County Hospital Kshs.298, 966,655

4.3.18.16 The Kenya Covid 19 Emergency Response Fund of Kshs.298, 966,655 was received in the Kitui County Covid 19 account number 1000455543 from the Kitui County Hospital Operations Account number 01141303838201. Kitui County Referral Hospital had spent Kshs.1, 033,350 from the Kshs.300, 000,000 under Covid 19 Emergency Response Fund allocated to it.

4.3.18.17 Upon review, it was noted that the funds were intended for use specifically at the Kitui Referral Hospital as stipulated in the Supplementary Appropriation Act, 2020 approved on 5 May 2020. According to the Act, Kitui Hospital was allocated Kshs.300, 000,000 through the Ministry of Health Vote R1081 and the funds were ring-fenced for Covid 19 pandemic activities at the hospital.

4.3.18.18 However the CECM Finance, in a letter reference number CGKTI/CT/ADM/33/24 dated 23 July 2020 instructed the Chief Officer Health and Sanitation to transfer the Kshs.300, 000,000 from the Kitui General Hospital account to the Special Purpose Account (SPA) for Covid 19 interventions. The letter stated that the funds had been

budgeted for under the County Supplementary II budget. According to the budget, the funds were earmarked for spending in 4 departments, namely Health, Trade, Agriculture and Education, ICT and Youth Development.

4.3.18.19 Therefore, the transfer of Kshs. 298,966,655 from the Kitui General Hospital Account to the County Special Purpose Account was contrary to the supplementary Appropriation Act, 2020 and hence irregular.

Management Response

The county received Kshs. 120,358,000 from the World Bank and Kshs, 300 million from the Ministry of Health, making a total of Kshs, 420,358,000 to spend these funds we caused a supplementary budget II which was passed and appropriated by the County Assembly. While the World Bank money was all spent by the Ministry of Health, they relied on the government Legal Notice No. 38 in allocating the Kshs. 300million across county entities that would implement interventions related to the Covid 19 Pandemic as below:

1. Ministry of Health and Sanitation	Kshs. 138 M
2. Ministry of Trade, Co-operative and Investments	Kshs. 55 M
3. Ministry of Water and Agriculture	Kshs. 45 M
4. Ministry of Education, ICT and Youth Development	Kshs. 62 M
TOTAL	**Ksh.300 M**

To facilitate access to all the ministries and also to reduce cash holdings at the local bank, the county transferred that money to our SPA account held at the Central Bank of Kenya. From this central account, the participating ministries, Health included, would make their request as and when payments were due. However, at the point of opening this account, the Ministry of Health had already incurred and paid bills totaling Kshs. 1,033,345 from the approved budget.

In view of the fact the county relied on enacted legislation on Covid-19 and the appropriation by the County Assembly, the transfer was regular.

Auditors Remarks

Since the money was transferred to the county and shared across four departments, the Department of Health got only Ksh. 138 million, as opposed to the Ksh. 300 million that had already been allocated from the National Government. The query was not satisfactorily answered.

The County government was also required to submit for verification approval from the MOH and the County Assembly approving the utilization of the funds across various departments.

Committee Observation and Recommendation

(1) The Legal Notice No. 38 of 2020, the basis upon which the County made the decision to share the funds across departments, was applicable to the National Government. The County therefore violated the Ministry of Health Framework for the management of the conditional grant.
(2) The County failed to submit an approval from the MOH and the County Assembly within seven days as directed by the Committee. The Committee, therefore, recommends that administrative action be taken against the County Executive Committee Member for Finance and other relevant officers who failed to act as directed by the Committee.

Utilization of Covid 19 funds by Kitui County Government

Conditional Grant from National Government-Kshs. 120, 358,000 and 298,966,655

4.3.18.20 The Special Audit established that Kshs.120, 358,000 allocated to the County as conditional Grant from National Government was transferred from the CRF to the Recurrent Account number 1000170654 from where it was spent. It was however not possible to confirm the exact amount of the conditional Grant was spent since the funds were mixed with other County funds. However, the county provided expenditure schedules and documents support an expenditure of Kshs.83, 994,885 for audit review.

4.3.18.21 Further, a total of kshs.298,966,655 was credited from Kitui County Hospital operations account number 01141303838201 on 3 August 2020 to the Special Purpose Account, as at the time of audit, the full amount was still in the account.

4.3.18.22 Upon review of the above expenditures, the following irregularities were noted

Irregular Procurement Processes

Failure to conduct technical evaluation for procurement of Production Raw Materials Kshs. 6,497,400

4.3.18.23 Section 46 (4) of the PPAD Act 2015 requires that an evaluation committee established under subsection (1) shall (a) deal with the technical and financial aspects of a procurement as well as the negotiation of the process including evaluation of

bids, proposals for prequalification, registration lists, expression of interest and any other roles assigned to it.

4.3.18.24 Section 16 (9) of PPDA Regulations 2006 states that an evaluation committee shall prepare a report on the analysis of the tenders received, and final ratings assigned to each tender and submit the report to the tender committee. In addition, section 16 (10) states that the evaluation report shall include (c) the scores awarded by each evaluator for each tender or proposal; and (e) the total score for each tender or proposal.

4.3.18.25 Further, section 87 (1) stipulates that before the expiry of the period during which tenders must remain valid, the accounting officer of the procuring entity shall notify in writing the person submitting the successful tender that his tender has been accepted. (2) The successful bidder shall signify in writing the acceptance of the award within the time frame specified in the notification of award. (3) When a person submitting the successful tender is notified under subsection (1), the accounting officer of the procuring entity shall also notify in writing all other persons submitting tenders that their tenders were not successful, disclosing the successful tenderer as appropriate.

4.3.18.26 The Chief Officer Health and Sanitation, Richard Muthoka requested for procurement of production of raw material for Kitui Pharma Industries vide letter **Ref: CGKTI/MOH/PROC/1(149)** dated 8 June b2020, to the Head Supply Chain Management citing that the Ministry of Health and Sanitation intends to establish a manufacturing plant in the county to produce pharmaceutical products for use in the county. The letter therefore requested for the need to be facilitated by procuring the following raw materials required in the initial phase of production at an estimated cost of Kshs. 6,487,900.

Table 147: Failure to conduct technical evaluations in Kitui County

Item	Unit of issue	Qty	Unit cost	Total cost
Calcium Hypochlorite	Kgs	1,400	1,146	1,604,400
Formalin 37%	Kgs	3,000	361	1,083,000
Ethanol 99%	Litres	1,500	1,067	1,600,500
Methylated Spirit	Kgs	1,500	1,080	1,620,000
Gemitride	Kgs	200	2,900	580,000
Total				-6,487,900

4.3.18.27 The acting Head of Supply Chain Management Services authorized the supply chain Management Officer to invite quotations from ore-qualified suppliers. Five bidders were invited and four responded as per evaluation committee minutes dated 22 June 2020. It was observed that evaluation was done in the system, the committee prepared minutes on evaluation and generated IFMIS evaluation matrix. The professional opinion from the acting Head of Supply Chain management services Florence Ishmael to Chief Officer Health dated 23 June 2020 recommended the award of quotation as per evaluation report as illustrated below. The Chief Officer Health and Sanitation awarded quotation to the successful bidders on 23 June 2020 in line with professional opinion recommendations.

Table 148: Quotations issued for procurement of Raw Materials

Name of Supplier	Item description	Quantity	Unit price	Total cost
m/s Asumbi Pharmacy	Calcium Hypochlorite (kgs)	1400	1,140	1,596,000
	Gemitride (kgs)	200	3,000	600,000
m/s Gruda Investment	Formalin (kgs)37%	3,000	360.8	1,082,400
m/s Naxton Enterprises	Ethanol 99% (litres)	1,500	1,066	1,599,000
m/s Venus Extrenious	Methylated spirit	1500	1,080	1,620,000
Total				**6,497,400**

4.3.18.28 Upon review, the special audit noted that the evaluation report presented contained preliminary evaluation and financial evaluation but lacked details of the technical evaluation. This is contrary to section 46 (4) of the PPAD Act 2015 and section 16(9) (10) of PPDA Regulations 2006.

4.3.18.29 Further, there was no evidence to show that successful and unsuccessful bidders were notified in writing contravening Section 87 of PPAD Act 2015.

Management Response

The method of procurement used was —request for quotation, where the county used prequalified list of suppliers. Pursuant to Section 105 of PPDA 2015, the bidders were obtained from the list of prequalified suppliers. Quotation is a procurement method that is purely based on price comparison PPDA 2015 106 (3). The bidders were subjected to preliminary and financial evaluations as the set criteria at the time of invitation.

Technical evaluation had been carried out at the time of prequalification being one of the conditions to be prequalified and therefore there was no need of subjecting them to another technical evaluation.

Therefore, no irregularity was done since the criteria that was set at the time of invitation was met by the bidders and the requirements for request for quotations were met as per PPDA 2015 Section (105) and (106).

In response to the query of on lack of evidence that successful and unsuccessful bidders were notified in writing, the county executive submitted that pursuant to Section 106 (5) (a) (b)"a procuring entity shall place a purchase order with the person submitting the successful quotation. The person submitting successful quotation shall confirm the purchase order in writing".

Under 'request for quotations' method of procurement, it is not a requirement that suppliers are notified in writing on the outcome of the procurement process. As a provision where the successful bidder was supposed to sign to signify acceptance in the local purchase order.

Auditor's Remark

The auditor confirmed that they received the documents requested and was satisfied with the documents and explanation of the management.

Committee Observation and Recommendation

The Committee having noted the mitigation by the management and the auditors' remarks recommends that the Senate clear the audit query.

Delay in delivery of items and failure to take items on charge in the bin cards of Kshs 21, 376,500

4.3.18.30 Section 102 (1) of the Public Procurement and Assets Disposal Act 2015 stipulates that an accounting officer of a procuring entity may use restricted tendering if any of the following conditions are satisfied-

a) Competition for the contract because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers resulting from the procedure under Section 94
b) The time and cost required to examine the evaluation, a large number of tenders could be misappropriated to the value of the goods, works or services to be procured.

c) If there is evidence to the effect that there are only few known suppliers in the whole market of the goods, works or services.

Further, Section 71 on registration of suppliers' capability criteria that defines necessary qualification, experience, resources, equipment and facilities to provide what is being procured. PPDA Act 2015 Section 150 (1) an accounting officer or his or her appointed representative shall be responsible for ensuring that the goods, works and services are of the right quality and quantity.

4.3.18.31 The audit observed that the Fourth Extra Ordinary Session of the National and County Government Coordination Summit on the Corona Virus Pandemic held virtually on 25 June 2020 passed a resolution requiring the 34 counties that were yet to set up the 300 bed isolation facility to do so within 11 days as from 25 June 2020.

4.3.18.32 The Chief Officer Health and Sanitation, Dr. Richard Muthoka vide requisition letter Ref: CGKTI/MOH/PRO/141 dated 26 June 2020 to the Head of Supply Chain Management stated that the number of Covid 19 cases had continued to rise in the county. As such, the Ministry of Health and Sanitation intended to set up isolation centers as per President's directive and that it would require an urgent procurement process.

4.3.18.33 Further, it stated that the purpose of the letter was to request Head of Supply Chain management to facilitate procurement of the below listed items at an estimated cost of kshs. 40,078,800 using restricted tender.

Table 149: Items procured using restricted tender method

300 bed capacity for covid 19 county preparedness			
Item	**Pieces**	**Cost**	**Total cost**
Standard metallic hospital bed	300	29,500	8,850,000
Hospital mattress with water proof mackintosh	300	11,550	3,465,000
Metallic bed side lockers	300	9000	2,700,000
100-seater tent	30	135,000	4,050,000
Dispensaries equipment for 12 dispensaries	12	1,584,550	19,014,600
Infrared thermometer guns	120	16,660	1,999,200
Total			**40,078,800**

4.3.18.34 The acting head of supply chain management on 26 June 2020 authorized the supply chain management officer Mr. Mbogo to prepare tender documents, upload tehm in

the system and invite bids from the suppliers in the pre-qualified list of suppliers using the preferred method of procurement.

4.3.18.35 The minutes of the restricted tender evaluation committee for the tender no. CGOKTI/MOH/194/2019/20 dated 6 July 2020 recorded that 10 firms were invited and only 7 firms responded through IFMIS. The evaluation committee recommended that restricted tender for supply and delivery of medical equipment may be awarded to the following three bidders based on entire process of preliminary and financial evaluation quoted prices per item as highlighted below;

Table 150: M/S Double Double Construction

Item	Quantity	Unit price	Total Cost (Kshs)
Standard Metallic Hospital Beds	300	29,465	8,839,500
Tents (100) Seater	30	140,500	4,215,000
Infrared Gun thermometer	120	18,000	2,160,000
total			15,214,500

Table 151: M/S Achiers Company Limited

Item	Quantity	Unit price	Total Cost (Kshs)
Hospital mattresses with waterproof mackintosh	300	11,545	3,463,500

Table 152: M/S Abbish Investment

Item	**Quantity**	**Unit price**	**Total Cost (Kshs)**
Metallic bedside lockers	300	8,995	2,698,500

4.3.18.36 Acting Head of Supply chain Management Services provided a signed professional opinion to the Chief Officer Ministry of Health and Sanitation on 6 July, 2020 and recommended the award of tender as per evaluation report as summarized below:

Table 153: Recommendation for award of tenders

Supplier Name	Item	Quantity	Unit price	Total Cost (Kshs)
M/S Achiers Company limited	Hospital mattresses with	300	11,545	3,463,500

	waterproof mackintosh			
M/S Double Double Construction Company Limited	Standard Metallic Hospital Beds	300	29,465	8,839,500
	Tents (100) Seater	30	140,500	4,215,000
	Infrared Gun thermometer	120	18,000	2,160,000
	Sub-Total			15,214,500
M/S Abbish Investment	Metallic bedside lockers	300	8,995	2,698,500
Total				21,376,500

4.3.18.37 The Chief Officer, Ministry of Health awarded the tender to successful bidders on 6 July, 2020 taking into account the recommendation of the Ag. Head of Supply Chain Management given in the professional opinion. In addition, the successful bidders were notified on 7 July 2020 and were required to accept the award of tender within a period of fourtenn (14) days which they accepted in writing on the same day.

4.3.18.38 The audit however observed that the contracts were entered into by the County on 7 July, 2020 and required the three aforementioned suppliers to supply their respective items within 8 weeks.

4.3.18.39 It was not clear why the suppliers were given eight weeks to supply emergency items. In addition, the audit noted that the quantities of the items to be supplied were not incorporated in the contract. It is recommended that the county should ensure that contracts include quantities to be supplied.

4.3.18.40 Further, the audit observed that the County Director of health appointed Inspection and Acceptance Committee on 31 August 2020 for the supply of hospital beds and mattresses. It was noted that the committee inspected and accepted 300 mackintosh mattresses on 1 September 2020, 100 standard metallic hospital bed, inspected and accepted on 1 September 2020 and 100 standard metallic hospital beds inspected on 4 September 2020.

4.3.18.41 The audit could not confirm delivery of 100 standard metallic beds by Double Double construction and delivery of 300 metallic bedside lockers by M/S Abbish Investment Supply since there were no documentation to support the delivery. As such, the county has not established the required 300 bed capacity for isolation

centers as required by the Ministry of Health Framework for management of Conditional Grants.

4.3.18.42 Upon physical verification, it was established that the county had in store 300 hospital mattresses with waterproof mackintosh, 300 standard metallic hospital beds, 30 tents, 120 infra-gun thermometers. However, the items had not been taken on charge in the S3 cards/bin cards. The explanation given was that some of the items were yet to be inspected and accepted before being taken on charge.

Management Response

The emergency method of procurement was to fast-track the procurement and delivery of much needed commodities. Given the prevailing stock-outs of most of these commodities in the market, it became apparent that some of these goods were to be imported or fabricated locally. However, all these items including beds, lockers, tents, mattresses were delivered within the contract period. This is because they were all made in Kitui.

All the 300 standard metallic beds were locally fabricated, delivered and captured in the inventory.

All the items procured by the County under this program were properly documented. This includes inspection and acceptance reports; delivery notes, S13 and bin cards.

Auditor's Remarks

The auditor noted that documents provided were satisfactory and recommended that the audit query be resolved.

Committee Observation and Recommendation

(1) The Committee noted that had the county executive provided the documents required of it from the onset then the matter may never have ended up in the audit as a query.
(2) The Committee observed that the actions of the county executive showed a lack of capacity and recommends that the county executive builds the capacity of the county officers in respect to record keeping.
(3) The Committee further recommends that the county consider increasing the number of competent staff serving in the department in order to ensure efficiency.

4.3.18.43 Further, Section 48 (1) of the PPDA Act 2015 stipulates that an accounting officer of a procuring entity may establish an ad hoc committee known as the Inspection and Acceptance committee.

4.3.18.44 Review of Inspection reports for 120 infrared gun thermometers and 30 tents (100 seaters) revealed that they were inspected and accepted on 3 August 2020 and 26 August 2020 respectively. However, there was no evidence of the appointment of an inspection and acceptance committee fir the items available for review.

4.3.18.45 Further investigation on the administration of the contract was recommended.

Management Response
The county submitted appointment letters of Inspection and Acceptance Committee Ref. CGKTI/MOH/PROC/4(42), dated 17th August 2020 for the above items.

Auditor's Remarks
The documents and information submitted adequately addressed the query.

Committee Observation and Recommendation
The Committee, having noted by the advisory of the auditor and the mitigations by the County, recommends that the query be cleared.

Delay in delivery of workshop tools

4.3.18.46 Section 176 (1c)) indicates that a person shall not delay without justifiable cause the opening or evaluation of tenders, the awarding of contract beyond the prescribed period or payment of contractors beyond contractual period and contractual performance obligations.

4.3.18.47 The audit observed that on 2 June 2020, Justus Kalii, the Chief Officer Trade Cooperatives and Investment (TCI) requested for procurement of workshop tools and equipment through request for quotation vide letter ref. CGKTI/MTCI/CO/FINANCE/VOL.8 on 15 June, 2020, Florence Ishmael, the head Supplies Chain Management Services (SCM) authorized the invitation for quotations from prequalified suppliers.

4.3.18.48 It was further observed that the machines were to be used at KICOTEC as part of the post COVID 19 measures that the County Executive had come up with as indicated in a letter ref: CGKTI/MTCI/PROC/4(45) dated 28 May 2020 from the Chief Officer TCI to the Ag. Head of SCM. The audit confirmed that the items were budgeted for under purchase of specialized machines in the approved supplementary budget 2 for FY 2019/2020.

4.3.18.49 A review of procurement documents revealed that suppliers were issued with purchase orders between 23 June 2020 and 30 June 2020 as tabulated below. However, the items had not been delivered as at the time of the audit, that is over 113 days after.

Table 154: Suppliers issued with LPOs in Kitui County

No.	Company name	Quotation No.	Item description	LPO date	Contract sum (kshs)	Lead time in days
1	Danvin distributors ltd	CGOKTI/MTCI/Q0156/2019-2020	Toe lasting machine	26 June 2020	2,387,000	113
2	Mumondilis ltd	CGOKTI/TCI/Q0153/2019-2020	Walking foot Rivet tools Drill bits	23 June 2020	1,289,920	116
3	Genesco Agencies	CGOKTI/TCI/Q156/814870/2019-2020	Computerized knitting machines	30 June 2020	1,789,900	108
4	Kaizer Sundown holdings	CGOKTI/TCI/Q150/814870/2019-2020	Digital printer screen printing machine Heal seal machine	25 June 2020	2,225,000	114
5	Ndanawalungu	CGOKTI/TCI/Q151/2019-2020	Stitch formation overlock Max sewing machine	25 June 2020	2,339,820	114

Management Response

In respect to the delay in supply and delivery of workshop tools and equipment, that was occasioned by technical specifications of the tools and equipment which suppliers could not easily obtain in the market. In addition to this, the cessation of movement due to COVID-19 further affected the supply and delivery of the said tools and equipment.

Auditor's remarks

The Auditor was satisfied with the mitigation by the Management and recommends that the Senate clears the audit query.

Committee Observation and Recommendation

The Committee notes the mitigation by management and the circumstances under which the items were being procured and recommends that the Senate clears the audit query.

Delay in supply of computerized machines (single needle)

4.3.18.50 Section 176 (1(c) indicates that a person shall not delay without justifiable cause the opening or evaluation of tenders, the awarding of contract beyond the prescribed period or payment of contractors beyond contractual period and contractual obligations.

4.3.18.51 The audit observed that on 28 May 2020, Justus Kalii, the Chief Officer Trade Cooperatives and Investment (TCI) requested for procurement of workshop tools and equipment through request for quotation vide letter ref. CGKTI/MTCI/CO/FINANCE/VOL.8 on 15 June 2020, Florence Ishmael, the head supplies Chain Management Services (SCM) authorized the invitation for quotations from prequalified suppliers.

4.3.18.52 It was further observed that the machines were to be used at KICOTEC as part of COVID 19 measures that the County Executive had come up with as indicated in a letter ref: CGKTI/MTCI/PROC/4(45) dated 28 May 2020. The audit confirmed that the items were budgeted for under purchase of specialized machines in the approved supplementary budget 2 for FY 2019/2020.

4.3.18.53 The audit established that Restricted Tender no. CGOKTI/MTCI/190/2019-2020 was awarded in favor of Global Constructors for supply of computerized machines (single needle) at a sum of Kshs.9, 499,000. The contract was signed on 30 June 2020 and required that the supplier delivered goods within 60 days failure to which the ministry would cancel the contract. It was observed that the goods have not been delivered 108 days later and there was no evidence of correspondence on request for extension of contract by the supplier or cancellation of the contract by the ministry.

4.3.18.54 The audit recommends further investigation on the administration of the contract.

Management Response

The delay was occasioned by technical specifications of the tools and equipment which suppliers could not easily obtain in the market. That resulted to re-advertising with correct specifications. In

addition, those items were being imported from outside the country and with the cessation of movement due to COVID-19 pandemic that further affected the supply and delivery of the said tools and equipment.

In reference to restricted tender no. CGOKTI/MTCI/190/2019/2020 for supply of computerized sewing machines (single needle) the Contractor, M/S Global Contractors was unable to supply and deliver machines within the 60 days provided for in the form of tender. Pursuant to section 139 of the Public Procurement and Disposal Act (PPDA 2015) the contractor (supplier) wrote a letter dated 26th August 2020 (copy attached) requesting for extension of time of delivery citing: a) delays in shipping as the machines were not available locally, factories manufacturing the said machines had closed down, due to covid -19 pandemic and subsequent lockdowns, the prices of the machines steeply increased making the machines unaffordable. The request was reviewed and approved by Chief Officer, Ministry of Trade, Cooperatives and Investments through a letter, Ref no. CGKTI/MTCI/ADM/4 (52) dated 28th August 2020.

Auditor's remarks

The Auditor was satisfied with the mitigation by the Management and recommended that the Senate clears the query.

Committee Observation and Recommendation

The Committee notes the mitigation by management on the delays occasioned by shipping of at the pick of the Covid-19 Pandemic and recommends that the Senate Clears the Audit Query.

DANIDA Grant
Failure to Transfer DANIDA Funds to Health Facilities – Kshs. 9, 730,000

4.3.18.55 According to the amended Bilateral Grant Financing Agreement of 28th December, 2016, between the Danish Ministry of Foreign Affairs and the National Treasury of Kenya relating to additional contribution to the Universal Health Coverage (UHC) Programme, the funds were to be disbursed based on the First Schedule of the County Allocation of Revenue Act (CARA), 2018. It also stipulated that counties should share the allocation criteria and operations and management (O&M) support to all public gazetted Level 2 and 3 health facilities. Further, it stated that there should be semi-annual disbursements through the National Treasury to qualifying county treasuries through IFMIS to the County Revenue Funds (CRFs) for subsequent transfers within 15 days through the IFMIS to the County Special Purpose for Health

(CSPH) and onwards through the IFMIS to the individual gazetted Level 2 and 3 health facilities subject to satisfactory regular financial reporting and verifications.

4.3.18.56 In addition, according to a letter Ref: COG/6/40/2A dated 10 July, 2020 from the CoG to all CECMs for health and finance, all COs for health and finance and all directors for health and finance, county governments were required to effect transfer to the DANIDA grant from the CRF to DANIDA-UHC Special Purpose Account within 15 days and not later than 30 July, 2020, and subsequently to gazetted Level 2 and 3 facilities within 10 working days but not later than 13th August, 2020, failure to which they would be penalized as future funding by the donor is dependent on the efficiency in transferring funds.

4.3.18.57 The audit observed that the criteria for sharing the COVID 19 DANIDA funds was based on the fraction of DANIDA allocation for FY 2019/2020 over total allocation. However, as at the time of audit, no disbursements to the Health Facilities had been done contrary to the directives issued by the Council of Governors vide letter ref: COG/6/40/2A of 10 July 2020 that stipulated a deadline of 13 August, 2020. The Management explained that the money was received at the close of the financial year and could not be disbursed until the obtained approval for the supplementary budget.

4.3.18.58 The County should ensure compliance with the terms stipulated in the donor agreements to avoid the risk of not receiving future funding from donors.

Management Response

Although the county budget was submitted by 30 April, 2020, the County Assembly did not approve it until September, 2020. That meant that it was not possible to transfer the funds between July and September 2020, despite the fact that those funds were meant to facilitate COVID-19 mitigation measures in the health facilities. The budget was delayed; hence it did not reflect on IFMIS.

However, these funds were since transferred to the health facilities account which was done on 26 October, 2020.

Auditor's remark

The Auditor was satisfied with the documents supplied and recommended that the Senate clears the audit query.

Committee Observation and Recommendation

The Committee having noted the mitigation by the county executive and the recommendation by the auditor recommends that the Senate clears the audit query.

Frontline Healthcare Workers Allowances

Unutilized Frontline Healthcare Workers Allowances of Kshs. 1, 290,000

4.3.18.59 The audit observed that the County Human Resource Department had made a request for the transfer amount of Kshs.66,510,000 from the total allocation Kshs.68,430,000 on 9 October 2020 from Kitui County Covid 19 account 1000455543 to the Kitui Recurrent account no. 1000170654. However, a total of kshs.67, 140,000 was paid to the Frontline Healthcare Workers through the IPPD system in the months of July, August and September 2020. That led to an overpayment Kshs.630, 000 from the CBK recurrent account number 1000170654. It was not clear why the County Recurrent Account was overdrawn yet there was a balance of Kshs.1, 290,000 in the Kitui County Covid 19 account number 1000455543.

Table 155: Payment of Health Care Workers Allowances in Kitui County

Available funds	68,430,000
Unutilized in July, 2020 IPPD payroll	64,740,000
Unutilized in August, 2020 IPPD payroll	2,355,000
Unutilized in September, 2020 payroll	45,000
Total utilized	67,140,000
Balance	**1,290,000**

Management Response

The County Treasury requested for funds from the Controller of budget as per the summaries of salaries provided by the Human Resources Department. The initial request from the salaries department was for Kshs. 66,510,000, being the amount payable to various health workers as allowances as provided for in the approved Salaries and Remuneration Commission guidelines. The remaining amount was for those workers whose details had not been forwarded by the County Department of Health.

Out of the total allocation for frontline workers' allowances, an amount of Kshs. 1, 290,000 remained unspent because at that time the county did not have the details of the health workers who needed to be paid. Later, their payroll details were provided and paid. Therefore, the whole amount of Kshs.68, 430,000 was paid to healthcare workers.

Auditors Remarks

The auditor has highlighted the data for verification during in the subsequent audit cycle that was take place in September, 2021.

Committee Observation and Recommendation

The Committee noted the Comments of the auditor and recommends that the auditor reviews the query in the audit report of 2020/21.

Irregular payment of Allowances to health care workers at Kauwi Hospital-Kshs. 2, 530,000

4.3.18.60 Further, the audit observed that there were cash and bank payments of allowances to healthcare workers using SRC rates at Kauwi Hospital from March 2020 to August 2020 totaling Kshs.2, 530,000. Those allowances were paid from the Kauwi Sub District Hospital Cooperative Bank operations account 01141303838301. There was no evidence of approval for the amounts and period for which the allowances were to be paid. The extra allowances were paid as illustrated below.

Table 156: Irregularities payment of health Workers Allowances in Kitui County

Month	Amount paid
March	545,000
April	415,000
May	375,000
June	385,000
July	400,000
August	410,000
Total	**2,530,000**

4.3.18.61 There was no evidence of approval for the amounts, budget and period for which the allowances were to be paid.

4.3.18.62 The National Government and the County Government of Kitui should ensure than an up to date payroll was kept at both levels of Government to prevent leaving out some officers and risk of healthcare workers going on strike.

Management Response

Kauwi Sub-County Hospital is a designated isolation center for Covid-19 in Kitui County. The payment of healthcare workers allowances for various activities under COVID 19 was done through the request of the Medical superintendent of Kauwi hospital with a work plan for the activities. The chief officer would then authorize the expenditure through issuance of Authority to Incur Expenditure (A.I.E.s). Therefore, all payments done to health workers were approved and with a work plan.

Auditor General's Remarks

The Auditor noted that there were variations between the computed actual allowances by the Ministry of Health and the sums paid by the county since the IPPD data is not updated.

Committee Observation and Recommendation

(a) The Committee recommends that the Management should endeavor to ensure that all officers are recorded in the IPPD so that such variance do not occur;
(b) In addition, the Committee noted that had the Management and the MOH consulted on the number of officers who were eligible for the allowance, the variances would not have happened;
(c) The Committee recommends that the County actively engage the Directorate of Personnel Services to ensure that all health workers are entered in to the IPPD payroll; and
(d) The Committee, further, recommends that the query be retained in view in the subsequent audit cycle.

Kenya Devolution Support Programme (KDSP
Payment of Pending Bills that were Unrelated to COVID-19 Expenditure- Kshs.4, 032,716.85

4.3.18.63 The audit revealed that the county received Kshs.30, 000,000 towards COVID-19 interventions MDP/DD/FIN/44 dated 25 May 2020. The letter recommended that the County Governments channel the level 1 Grant towards interventions that will improve internal capacity to respond to effects of COVID 19 pandemic. Such interventions included provision of personal protective equipment to health care workers, protective gear to vulnerable groups, public health campaigns and sensitization programs and training on preventive measures. As such, the counties were required to revise their capacity building plans to reflect proposed activities in line with the ministry of Health Guidelines on Management of COVID 19 pandemic. It was also stated that the funds should not be appropriated for personal emoluments including allowances, per diems and airtime.

4.3.18.64 The audit however observed that the County paid pending bills totaling Kshs. 4, 032,345.55 as at 31 July 2020 thereby contravening the directives of the Ministry of Devolution and ASAL in the aforementioned letter regarding utilization of the funds as detailed below:

Table 157: Payment of pending bills that are unrelated to COVID-19

Voucher No.	Supplier	Description	Amount (Kshs)

125	Kitui-Mwingi Parkside Motel	Catering services for procurement officers on PPAD Act 2015	586,034.50
121	Kitui-Mwingi Parkside Motel	Catering services and venue for participants during human resource management meeting	1,161,637.95
134	Kitui Premier Resort	Conference Services 18-22 February 2019	220,648.00
131	Kitui Mwingi Parkside Motel	Catering services for IFMIS e-procurement training	884,442.00
130	Eunilorique Enterprises	Uniform and working tools	1,179,954.40
		Total	**4,032,716.85**

3.318.65 It was recommended that the County in future should endeavor to comply with Section 107 (2) of the County Government Act, 2012 which stipulates that County Government plans shall be the basis for all budgeting and spending in a county so as to ensure that only eligible expenditures are paid for.

Management Response

Analysis provided related to activities, budgeted for under KDSP in the financial year 2018/2019. The budget allocation for the period in the County Allocation Revenue Act 2018 was Kshs.57, 462,594. However, the funds that had been budgeted under five (5) Key Result Areas namely; the Public Finance Management, Planning, Monitoring and Evaluation, Human Resource Management, Civic Education, Public Participation, Environmental Safety and Safeguards were never released as budgeted for. The activities in some of the Key Result Areas had already been undertaken.

After realizing that the budgeted funds may not be disbursed, implementation of the budget was stopped after incurring this expenditure of Kshs4, 032,716.85 out of the budget of Kshs57, 462,594. These merchants were not paid at the close of the financial year and were listed in the county's Pending Bills Report. As for the guidelines provided by the circular on the payment of pending bills, the county was, therefore, supposed to give priority to pending bills before allocation of the funds to Covid-19 interventions.

Auditor's Remarks

The Auditor noted that the payments were made towards pending bills that were not related to Covid -19 expenses.

Committee Observation and Recommendation

1. The Committee observed, with concern, that the money provided to mitigate against COVID -19 was applied to pending Bills that were not related to the pandemic.
2. The Committee, therefore, recommends that the be refunded back from other the same vote heads in the subsequent budget cycle.
3. The Audit Query remains unresolved and should be kept in view in the subsequent audit cycle.

Financial and Non-Financial Reporting on Covid-19 Funds

Reporting of Covid-19 funds received in the county by Kshs.30, 140,998

3.3.18.66 The audit observed that the county prepared and submitted financial report to the controller of Budget (COB) on the utilization of Covid-19 funds as at 31 July 2020. Further review of the report revealed that the County had reported that it had a budget of Kshs. 498,518,000 instead of Kshs.528, 658,988 as per the approved supplementary 2 budget for FY 2019/2020 of 2 June 2020. That resulted in understatement of the budget by kshs.30, 140,998.

3.3.18.67 Similarly, the report indicated that the County had received Kshs.498, 518,000 however, analysis of total funding received revealed that the county had received Kshs. 527,484,655 which meant that the total funds received were understated by Kshs.28, 966,655.

3.3.18.68 Further, the report indicated that the total expenditure towards Covid-19 activities as at 31 July 2020 was Kshs.83,547,395 instead of Kshs.87,579,740.55 which meant that the expenditures were understated by Kshs.4,032,345.55.

3.3.18.69 There was no evidence that the county government generated non-financial reports.

Management Response

Breakdown of the total COVID funds received in the County

Source of Funds	Budgeted Amount (FY 2019/20) (Kshs.)	Receipts through the CRF Account (Kshs)	Exchequer Releases through the COB (Kshs)	Direct receipts to the County (Not through CRF) (Kshs)	Total Available for utilization (Kshs

Grants from National Government	368,430,000	68,430,000	68,430,000	300,000,000	368,430,000
Donor Funds - World Bank	120,358,000	120,358,000	120,358,000	-	120,358,000
Donor Funds - DANIDA	9,730,000	9,730,000	9,730,000	-	9,730,000
KDSP	30,140,998	30,000,000	30,000,000	-	30,000,000
	528,658,998	228,518,000	228,518,000	300,000,000	528,518,000

The variance between the budgeted amount and the total amount available for COVID-19 interventions was the amount revoted????????????? in KDSP from 2018/19 to 2019/20 financial year of Kshs. 140,998 which was the closing bank balance for the grant account.

The Kshs. 4,032,345.55 related to expenditure which was properly incurred in 2018/19 financial year under the KDSP program. However, National Treasury did not release KDSP grants for the period and the bills were carried forward in our record as pending bills for the financial year 2019/20. Since the program had not been closed, the bills could not immediately be budgeted under the normal expenditure. When the funds for KDSP 2019/20 budget were received, the bills were cleared as a matter of first charge before reallocating the difference to COVID 19 interventions as recommended by the Ministry of Devolution through its letter dated May 25, 2020.

Auditor's Remarks
Verified all the transaction except the transactions committed to Education and trade departments

Committee Observation and Recommendation
The Committee noted the concern of the auditor and recommends that the matter be retained in view in the subsequent audit cycles to ascertain the propriety of the resources committed to Education and Trade departments.

Accountability of Donations
Failure to value Donations received in kind

3.3.18.70 Section 74 (4) of the Public Finance Management (County Government) Regulations 2015 required that where grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year.

3.3.18.71 The county received donations in kind from the Ministry of Health through KEMSA. Upon verification, it was established that, except for donations by the Ministry of Health through KEMSA from China, the rest lacked a value as tabulated below.

Table 158: Accountability of Donations in Kitui County

Item Description	Good received note
Masks	
100 KN 95 respirator face mask	1000082
20 surgical 3 ply face masks	1000082
4 surgical masks 3 ply with elastic ties pack of 50 pairs	96973
1000 face mask non-woven without exhalation valve (white)	96973
50 KN95	99363
9 KN95 FFP2 pack of 10s	99363
81 KN95 ffp2	1000089
20 face masks with foam non-woven material (grey)	99363
Gloves	
1 goes surgeon size 70 pack of 50s	1000082
20 examination gloves pack of 50 pairs	96973
20 gloves latex	99364
Personal Protective Equipment Gear	
100 coverall medium	1000082
50 eyes protective goggles	1000082
20 shoes cover	1000082
10 medical Disposal protective clothing-coverall breathable	96973
5 face shield	96973
50 body bags adult	99950
50 surgical Gown XX Large	99363
50 surgical Gown medium	99364
250 surgical Gown Large	99363
350 surgical Gown X large	99364
1580 face shields	99363

3.3.18.72 The Kitui County Government should endeavor to value all donations received in kind and disclose the same in the financial statements in compliance with the law.

Management Response

The Ministry of health received various donation under COVID 19. All those donations, once received, were documented and valued. A report has also been prepared and submitted to the county Treasury for information and reporting

Auditor General's Remarks

The Auditor confirmed that the donations have since been accounted for but should be reflected in the Financial Statements.

Committee Observation and Recommendation

The Committee noted the mitigation by the management and the auditor's advisory and recommends the county government should conduct a valuation of the donations, obtain a nominal value and that the auditor verifies the records in the next audit cycle.

Other Audit Findings

Pending Bills

3.3.18.73 The audit observed that as at 31 July 2020 the County had COVID 19 expenditures totaling to Kshs.92, 591,549 that had not been paid. No explanation was given as to why they had not been paid yet the goods had been received and services rendered.

Management Response

The County's budget for financial 2020/2021 was approved in late September 2020. Most of the county's suppliers who delivered after the closure of the financial year could not be paid before the budget was approved.

Auditors Remarks

The Auditor has a special report on pending Bills and in that report the Auditor has noted how much of the pending Bills should be

Committee Observation and Recommendation

1. The Committee observed that the issue of pending bills continues to plague county governments. The Committee further observed that some of those pending Bills are as a result of late exchequer releases by the National Government.
2. However, the Committee advises the county to pay any eligible pending bills in order to safeguard the private sector and spur economic growth.
3. The Committee lauded the Auditor General for carrying out Pending Bills Audit across all counties.
4. The Committee recommends that this matter be audited in the next audit cycle to establish the status of pending bills.
5. The Committee noted that the Auditor General had recommended that the pending bills

should be recorded on the basis of accrual and not cash basis to ensure that the payments are made in accordance with the date that they were incurred.

Irregularities, Weaknesses and Managerial Responsibility

3.3.18.74 The audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 159: Irregularities, Weakness and Managerial Responsibility for Kitui County

	Irregularity / Weakness Risk		Amount (Kshs)	Responsibility	Recommendation
1.	Violation of Ministry of Health Framework for Management of Conditional Grant in budgeting for the conditional Grant	Misuse of funds meant for Department of Health	120,358,000	County Government of Kitui and the Department of Health	The County should endeavor to comply with section 107(2) of the County Government Act, 2012
2.	Lack of Approved Budget for Frontline Healthcare Workers Allowances	Non Compliance with Laws and Regulations	68, 430, 000	County Government of Kitui and the Department of Health	The County should endeavor to comply with section 107(2) of the County Government Act, 2012 and Section 135 (2)(4) of PFAAA 2012
3.	Failure to transfer Conditional Grants to the COVID 19 Special Purpose Account	None compliance with the conditional Grant framework	120,358,000	County Government of Kitui	County Government to ensure compliance with laid down Regulations
4.	Irregular receipt of Kenya Covid 19 Emergency Response Funds from Kitui County Hospital	Misuse of funds meant for Kitui Referral Hospital	298,966,655	County Government of Kitui	County Government to ensure compliance with laid down Regulations
5.	Delay in delivery of items and failure to take items on charge in the Bin Cards	Value for Money risks	21,376,500	County Government of Kitui	County Government to ensure compliance with laid down Regulations

173

	Irregularity / Weakness Risk		Amount (Kshs)	Responsibilit	Recommendatio
6.	Failure to Transfer DANIDA Funds to Health Facilities	Value for Money Risks	9,730,000	County Government of Kitui	County Government to ensure compliance with laid down Regulations
7.	Failure to conduct technical evaluation for procurement of Production Raw	Non Compliance with Laws and Regulations	6,497,400	County Government of Kitui	Further investigations to be conducted to establish any criminality
8.	Failure to Transfer DANIDA Funds to Health Facilities-	Value for money risks	9,730,000	County Government of Kitui	County Government to ensure compliance with laid down Regulations
9.	Un- utilized Frontline Healthcare Workers Allowances	Value for money risks	1,290,000	County Government of Kitui	County Government to ensure compliance with laid down Regulations
10	Irregular payment of Allowances to health care workers at Kauwi Hospital	Non Compliance with Laws and Regulations	2, 530,000	County Government of Kitui	County Government to ensure compliance with laid down Regulations
11	Payment of COVID 19 Unrelated Expenditure	Misappropriation of public funds	4,032,716.85	County Government of Kitui	Further investigations to be conducted to establish any criminality

Committee observation and Recommendation

The Committee recommends that the county government implements the recommendations detailed in the report of the Auditor General to eliminate irregularity, strengthen weakness and improve on overall managerial responsibility.

3.3.20 COUNTY GOVERNMENT OF LAIKIPIA

Absence of approved work plans specific to COVID-19 funds received from National Government

3.3.20.1 Section 107(2) of the County Governments Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. In addition, section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires County Governments to have in place Procurement and Asset Disposal Plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. Further, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.20.2 The County Government of Laikipia had four sources of funds for COVID-19 prevention and mitigation. This included conditional Grants from National Government, Health Workers Allowances from the Ministry of Health, DANIDA funding, and Laikipia County Own Source Funds. Pursuant to section 107(2) of the County Government Act, 2012 and sections 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015, the County Government ought to have in place an approved work plan, budget and procurement plan that indicate how each of the funds were to be used for prevention and mitigation of COVID-19 risks.

3.3.20.3 It was established that, Laikipia County Government had in place the County Health Covid-19 Contingency (Readiness & Early Response) Plan developed on 5 March 2020 under the department of Medical Services & Public Health and the County Emergency Fund Work Plan dated 09 May, 2020 and approved through Minutes 3/EFC/05/2020/ AOB of the Emergency Fund Committee on 8 May 2020.

3.3.20.4 The Laikipia County Government Emergency Fund Work Plan dated 09 May, 2020, targeted to implement the training component from 1 July to 31 July, 2020. However, the Plan did not provide the estimated costs of the activities and number of Enforcement and Revenue Officers to be trained on COVID 19 preventive measure. Further, the County Government did not have in place approved Work Plans for utilization of Conditional Grants and DANIDA funds contrary to section 107(2) of the County Government Act, 2012. The County Government explained that recipient health facilities were to develop work plans for utilization of DANIDA funds upon receiving the funds.

Management Response

The work plan availed for review during audit was dated March 2020, however this plan was updated after receipt of the Covid-19 conditional grants in June 2020, and has since been attached for verification.

Auditor General's Remarks

The Auditor confirmed that the County Government has since complied and developed work plans.

Committee observation and Recommendation

The Committee having noted the advisory from the Auditor and the Mitigation by the Governor recommends that the query is resolved.

Approved Budgets specific to COVID-19 funds

3.3.20.5 Sections 104 and 107 (2) of the County Government Act, 2012, provides that a County Government shall plan for the County and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly. Further, Section 107 of the County Government Act, 2012 provides that the County Plans shall be basis for all Budgeting and Spending in the County.

3.3.20.6 It was established that the Conditional Grant of Kshs. 54,654,000 being Ministry of health covid-19 Grant was budgeted for in the Laikipia County Supplementary budget II approved on 23 June 2020.The same Grant was traced in the Annual Estimates and Development Expenditure for the year ending 30 June 2021. In addition, the Allowances for Frontline Health Workers of Kshs. 36, 690,00 and DANIDA funds comprising of Kshs 4,585,000 were also budgeted for in the Estimates of Recurrent and Development Expenditure for the year ending 30 June 2021. As earlier noted, there was no approved work plans on how the conditional Grants were to be utilized.

3.3.20.7 The County Government of Laikipia had also allocated, through a supplementary budget, an amount of Kshs. 138,675,463 from Own County initiative as Emergency Fund for the year ending 30 June 2020 under the Finance, Planning and County Development Vote. In the previous budget, the County Government had allocated Kshs. 10,000 under the Emergency Fund Vote. The additional Kshs. 128,675,463 would be realized from various reallocations. The budget was approved by the County Assembly on 30 April, 2020.

Absence of approved procurement plan for conditional Grants received from National Government

3.3.20.8 Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 requires, that, an accounting officer, shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Laikipia County Government had an approved Procurement Plan number 16497 for the financial year 2019/20. The Procurement Plan had its Covid-19 activities spread out to various County Departments focusing mainly on own source revenue. There was however no evidence of existence of an approved procurement plan for conditional Grants received from National Government contrary to section 53(2) of the Public Procurement and Asset Disposal Act, 2015.

Management Response

The Conditional grants received from the National government had an approved procurement plan No. 16490 FY2019/20 contrary to the procurement plan 16497 quoted in this report.

Auditor General's Remarks

The Auditor observed that the procurement Plan No. 16490 FY 2019/20 had been submitted and verified.

Committee Observation and Recommendation

The Committee having noted the mitigation by the management and the advisory from the Auditor, recommends that the Senate clears the audit query.

Amount of funds received for COVID-19 prevention and mitigation

3.3.20.9 The County Government of Laikipia received a total of Kshs. 240,188,859 from various sources for COVID-19 related activities as follows:

Table 167: Amount of funds received by Laikipia County Government

1	GOK Conditional Grant	23 June 2020	54,654,000	Laikipia County Emergency Fund -CBK	1000451181
2	DANIDA Funds	10 July, 2020	4,585,000	Laikipia County Health Services -CBK	1000285858.
3	GOK Health Workers Allowances	06July, 2020	36,690,000	Laikipia County Emergency Fund -CBK	1000451181
4	County Own Source Revenue	Various	132,770,213	Laikipia County Emergency Fund -CBK	1000451181
5	Donation	Various	11,489,646	ABSA Bank - Nanyuki Branch	2042569251
	TOTAL		240,188,859		

3.3.20.10 However, it was established that, while the County Government of Laikipia had budgeted an amount of Kshs. 138,675,463 under own source revenue, only Kshs. 132,770,213 was disbursed resulting in a variance of Kshs. 5,905,250 between approved

budgets and actual disbursements. The variance represents the expenditures incurred by the County on COVID activities from other votes prior to opening the Laikipia County Emergency fund account number 1000451181 on 05 June, 2020. The budget was approved vide a letter referenced CGL/CA/CS/08/VOL.6/163 dated 5 May, 2020 from the County Assembly of Laikipia to the County Executive Committee Member, Finance and County Planning.

Accountability and valuation of Donations received

3.3.20.11 Section 71 (1) of the Public Finance Management Act Regulation (County Government) of 2015, provides that, upon approval by the County Executive Committee Member, an Accounting Officer may receive any Grant, donation, or sponsorship made in favour of the County Government entity irrespective of whether such sponsorship or Grant or donations is in cash or in kind.

3.3.20.12 In addition, Section 74 (4) of the Public Finance Management (County Government Regulations) of 2015, requires that, where Grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year. Further, Section, 71(5) of the Public Finance Management (County Government Regulations), 2015 requires gifts, or donation or sponsorship received during the year to be disclosed in annual and quarterly financial statements.

3.3.20.13 The County Government of Laikipia received donations both in Cash and in Kind. Cash donations amounting to Kshs. 11,489,649 were received through the County ABSA Bank account number, 2042569251, Nanyuki Branch. The County Government of Laikipia also received in kind donations from KEMSA which were valued at Kshs. 11,256,732 and were disclosed in the County Government executive annual report. All donation dispatched from KEMSA were received in three receiving points, Beyond Zero store, Nanyuki Teaching and Referral Hospital Nanyuki Teaching and Nyahururu

Committee's Recommendation

The Committee recommends that all donations be taken into charge in the donations register and entered into their respective bin cards. Further, the management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.

Utilization of COVID -19 funds by County Government of Laikipia

3.3.20.14 The special audit established that, as at 31 July, 2020, the County Government of Laikipia had utilized COVID-19 funds as follows:

Table 168: Utilization of COVID-19 funds by County Government of Laikipia

1	GOK Conditional Grant	54,654,000	54,619,456	1000451181
2	DANIDA Funds	4,585,000	4,585,000	1000285858.
3	GOK Health Workers Allowances	36,690,000	36,868,892.50	1000451181
4	County Own Source Revenue	132,770,213	120,623,343	1000451181
5	Donation	11,489,646	10,609,410	2042569251
	TOTAL	**240,188,859**	**227,306,102**	

GOK Conditional Grant

3.3.20.15 On 23 June 2020, the Laikipia County Government, received a conditional Grant amounting to Kshs. 54,654,000 from the Ministry of Health through the Laikipia County Emergency Fund, Account Number 1000451181. According to the framework for Management of the conditional Grant for Covid 19 emergency, the purpose of the Grant was to strengthen County capacity for the response to Covid 19 pandemic specifically geared to enhancing the capacity for isolation and quarantine centers and build the capacity of the health workers to respond to Covid-19 through trainings as per the guidelines. The framework also indicated that it was the responsibility of the County Government Accounting Officer to ensure the funds were utilized for the intended purpose.

3.3.20.16 The special audit reviewed utilization of the conditional Grant and identified the following irregularities:

Utilization of funds without approved work plan -Kshs. 54,619,456

3.3.20.17 Sections 104 and 107 (2) of the County Government Act, 2012, provides that a County Government shall plan for the County and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly. Further, Section 107 of the County Government Act, 2012 provides that the County Plans shall be basis for all Budgeting and Spending in the County.

3.3.20.18 The conditional Grant was budgeted for in the Laikipia County Supplementary budget II approved on 23 June 2020 and in the budgets for financial year 2020/2021 under Grants. However, it was established that, the County Government of Laikipia, spend an amount of Kshs. 54,619,456 for expenditure that was incurred before 23 June 2020 (before approval of supplementary budget). However, the supplementary budget was approved on 23 June, 2020 thereby regularizing the expenditure.

3.3.20.19 There was however no evidence of an approved work plan contrary to sections 104 and 107 (2) of the County Government Act, 2012. The expenditure was incurred as follows:

Table 169: Utilization of funds without an approved work plan

1	Pharmaceuticals	32,979,180
2	Non Pharmaceuticals	12,424,000
3	Hardware Items	2,841,515
4	Electrical Items	1,507,310
5	Catering Services	2,634,500
6	Security Services	324,000
7	Other (Stationary, Ads, Alkaline Battery Service & Repair Serviette & Tissue)	1,908,951
	Total	**54,619,456**

Management Response

The work plan availed for review during audit was dated March 2020, however that plan was updated after receipt of the Covid-19 conditional grants in June 2020, and had since been attached.

Auditor General's Remarks

The Auditor confirmed receipt and verification of the updated work plan.

Committee observation and Recommendation

The Committee, having noted the mitigation by the Governor and the advisory from the Auditor, recommends that the Senate clears the audit query.

Failure to open a Special Purpose Account for Covid-19 Conditional Grant

3.3.20.20 The framework for Management of the conditional Grant for the Covid-19 emergency response, required County Governments to establish, a Special Purpose Account in which the funds were to be disbursed to from the County Revenue Fund within 15 days. It was established that, the County Government of Laikipia did not open a Special Purpose Account for the Covid-19 Grant. Instead, the funds were disbursed to Laikipia County Emergency Fund, Account Number - 1000451181. This account is also used for banking the County Own Emergency Funds thereby commingling public funds that may result in accountability risks.

Management Response

The Emergency Fund bank account is meant to cater for County Emergency needs, and all funds relating to each emergency can be well identified and fully accounted for. However, the management was guided on the importance of having special purpose account for the covid-19 activities.

Committee observation and Recommendation

1. The Committee noted that failure to open a Special Purposes Account for Covid-19 activities resulted to comingling of funds.
2. The Committee recommends that the Management follows the Ministry of Health guidelines and framework for utilization of Covid-19 funds.

Irregular expenditures contrary to the guidelines issued by the Ministry of Health

3.3.20.21 A review of the expenditure of the conditional Grant incurred by the Laikipia County Government, established that, an amount of Kshs. 1,759,654 was paid out of this funds yet the requisitions for the expenditures were done before COVID-19 was declared in Kenya as follows:

Table 170: Irregular expenditures contrary to the Ministry of Health Guidelines

1	A review of PV no. NTRH45/3070001 payable to PELT security services ltd to show that a payment of 324,000 was done on 2. June 2020, being payment of security services for the month of May 2020 for Nanyuki teaching and referral hospital, the LSO attached was dated 20. June 2018, the purchase requisition serial no. 4145 was dated 20. June .2018 date of the invoice was 8 May 2020. It is not clear why services that were requisition in the financial year 2017/18 were being paid for in JUNE 2020 using funds that had been allocated for Covid 19 emergency response. There was also no evidence of a contact framework to justify the same.	324,000	Ineligible expenditure
2	A review of PV no. HD451301752A payable Guiteithia Media Services Limited showed that a payment of 180,000 was done on 30 June 2020 being payment for provision of advertisement services on health-related program, the LSO attached was dated June	180,000	Ineligible expenditure

	2020, the purchase requisition serial no. 12435 was dated 26 January 2020 and the date of the invoice was 7 January 2020. Being paid for in JUNE 2020 using funds that had been allocated for Covid 19 emergence response. The services were requisition and invoice raised in January 2020 before the first case of Covid 19 case and payment was done using the conditional Grant funds.		
3	A review of PV no. HD451301757 payable SHUTTLE AUTO GARAGE showed that a payment of 468,988 was done on 30 June 2020 being payment for services and repair, the LSO attached was dated 25 July 2019, the purchase requisition serial no. 12609 was dated 25 July, 2020 and the invoice is not dated. The services were requisitioned in 2019 before the pandemic and was being paid for in JUNE 2020 using funds that had been allocated for Covid 19 emergence response. The expenditure is not in line with the purpose of the Grant.	468,988	Ineligible expenditure
4	A review of PV no. HD451307040 payable to Envilight Kenya showed that a payment of 786,666 was done on 26 June 2020 being payment for supply and delivery of office supplies. The LPO attached is dated 29 January 2020, the purchase requisition serial no. 12424 was dated 23 January 2020 and the Delivery note was date 17 January 2020, the requisition and delivery of this item was done before the first case of Covid -19 in Kenya and the payment of this voucher was done using the conditional Grant from MOH whose intended purpose was to strengthen County capacity for the response to Covid 19 pandemic specifically geared to enhancing the capacity for isolation and quarantine centers and build the capacity of the health workers to respond to Covid-19 through trainings as per	786,666	Ineligible expenditure

	the guidelines		
		1,759,654	

3.3.20.22 A review of payment voucher number HD45130 1755 payable to West Pharmacy Nyahururu, indicated that, a payment of Kshs. 2,999,980 was done on 30 June, 2020 being payment for supply and delivery of medical drugs to health department. The purchase requisition number 11138 dated 23 April, 2020 and the delivery not dated 29 April, 2020 clearly itemized the goods being purchased and the quantities to be delivered. However, the stores ledger and control card number 000873 recorded the items as "VARIOUS". This does not show the actual items and quantities received at the store thereby posing accountability risks on Management of the items. However, there were inspection and acceptance certificates on items received in store.

Management Response

The items in question were drugs that were controlled through a consumables ledger book S11 and S13 where they were itemized.

Auditor General's Remarks

The auditor verified that indeed the items in question were drugs controlled through a consumable ledger book S11 and S13. The matter stands resolved.

Committee observation and Recommendation

The Committee, having noted the mitigation by the Management and the Advisory from the Auditor, recommends that the Senate clears the audit query.

DANIDA Funds- Ksh. 4,585,000

3.3.20.23 According to a letter from Chief Officer referenced CGL/Health/COGEN/Vol.2/055 dated 3 July, 2020, Laikipia County was allocated Ksh. 4,585,000 as DANIDA Grant to boost Level II and III health facilities in the County, the funds were distributed to 76 dispensaries. The criteria for allocation of funds to dispensaries was based on the monthly expenditure per dispensary per quarter which was pegged at Kshs. 138,500. Out of this figure, DANIDA would contribute between Kshs. 44,393 and Kshs. 112,500 depending the facility workload. The balance would be taken over by the County Government. For Health centers, the allocation Criteria was based on the monthly expenditure per Health center per quarter which was pegged at Kshs. 244,500. Out of this figure DANIDA, would contribute between Kshs. 112,500 and Kshs. 125,000 depending the facility workload. The balance would be taken over by the County Government.

3.3.20.24 Once the Grants are allocated to the dispensaries, it is the responsibility of the Management Committee of the dispensary to allocate the funds to specific items by budgeting it and writing minutes then sending them to County for verification and approval of expenditure. Field Visit by the special audit team at Likii Level II Dispensary and a meeting with the Nurse in charge held on 8 October 2020, verified that DANIDA Funds comprising of Kshs. 55,000 was credited to the dispensary Account, Kenya Commercial Bank Account No 1124516530 on 17 July, 2020.

3.3.20.25 The purpose of the funds was for operations and maintenance of the dispensary as per DANIDA requirements. As part of the dispensary operations, the dispensary prepares budgets only when the funds are deposited in their accounts. Budgeting involves having a meeting with the Committee (Community). In the meeting, the dispensary priority needs are then identified which forms the basis of the dispensary budget. According to the Nurse in-charge, it was revealed that the Kshs. 55,000 had not been spent since they were still involved in the meetings to identify their needs.

GOK Health Workers Allowances

3.3.20.26 According to a letter referenced SRC/TS/COG/3/61 /48, dated 28 April 2020 from Salaries and Remuneration Commission (SRC) to The Cabinet Secretary to the National Treasury, the SRC approved the proposed welfare and Insurance package for health workers of approximately Kshs. 3,013,390,000 during the Covid-19 pandemic period. The Allowances was payable for period 3 months with effect from 1 April 2020 subject to availability of funds and according to designation indicated on pages 3 to 5 of the said letter.

3.3.20.27 It was established that, Laikipia County Government received Kshs. 36,690,000 from the Ministry of Health being funds for Covid-19 Emergency Allowances for Frontline Workers through AIE No. A 685742 and payment voucher number 4855. The funds were disbursed to the Laikipia County Revenue Fund Account number. 1000171626 on 06 July, 2020 and then paid to the Frontline Health Workers as part of their salaries.

3.3.20.28 A review of the expenditure on the GOK Health Workers Allowances by Laikipia County Government for the period 1 March to 31 August established the following irregularities:

Over Expenditure of Kshs. 178,892

3.3.20.29 According to a letter referenced CGI/Health/Treasury/Vol.2/062 dated 18 September 2020 to the Principal Secretary of Ministry of Health from the Chief Officer of Medical Services and Public Health for Laikipia County, the County was allocated Kshs. 36,690,000 meant for the Allowances of the County Frontline Health workers. The three-month allowances were paid in August as arrears as part of the salaries. The letter further indicated that the County paid Kshs. 36,823,892 through July and August 2020 Payroll to

857 frontline health workers, this was in excess of Kshs. 133,892 of the amount received. An extract of Payroll summary to support the Kshs. 36,823,892 was attached to the letter.

3.3.20.30 To test the accuracy of the payroll extract provided, the special audit conducted a comparison between the IPPD data (Master File) and the payroll extract attached to the above letter. It was established that, Frontline Worker of P/No. 1993042407 had not been included in the payroll data extract attached to the letter. IPPD data indicated that the said rightful worker had been paid arrears of Kshs. 45,000. The true variance of the excess expenditures is therefore Kshs. 178,892 and not 133,892 as reported by the Medical Chief Officer Laikipia.

Management Response

Implementation of Covid 19 for frontlines was done by Directorate of Public Service Management (DPSM) under the code ED823. In the same month the allowance was being paid, the officer p/no. 1993042407 had accumulated other arrears amounting to Kshs. 454,922 including Kshs. 45,000 for Covid 19 allowance. Management did not realize that Kshs. 45,000 was included in the Kshs. 454,922 arrears. Therefore, the officer was erroneously omitted in the extract understating the variance of the excess expenditure.

Auditor General's Remarks

The Auditor observed that the response provided a satisfactory mitigation and the matter is resolved.

Committee observation and Recommendation

The Committee, having noted the mitigation by the Governor and the advisory from the Auditor, recommends that the Senate Clears the audit query.

Manually Paid Officers with no Personal Files nor contract

3.3.20.31 According to the Employment Act, Cap 226, Part III Section 10 of the Laws of Kenya "A written contract of service specified in section 9 shall state particulars of employment which may, subject to subsection (3), be given in instalments and shall be given not later than two months after the beginning of the employment."

3.3.20.32 A review of the Laikipia County Payroll, established that, there were 10 workers, whose date of birth was indicated as 1960 and therefore ought to have retired. The Officers were paid manually, outside the payroll information system, a total of Kshs. 325,365.59 as detailed in the table below. Upon request of the personal files, the Payroll Officer couldn't provide their personal files, contract nor secondment letter. Under the circumstance, the special audit could not confirm the lawfulness and effectiveness of the expenditures.

Table 171: Manually paid Officers with no personal files

Personal number	PIN No	Designation	Amounts (KShs)
3179408	A001539863K	Senior Public Health Assistant	30,000.00
3106528	A001846845H	Cleaning Supervisor[2b]	15,000.00
2280057	A001868579W	Senior Enrolled Nurse[2]	30,000.00
1206677	A001625428U	Principal Medical Lab Technologist^]	45,000.00
458601	A001548055B	Senior Public Health Assistant	19,032.26
7715761	A001785591M	Senior Enrolled Nurse[7]	45,000.00
2518595	A001643723Z	Senior Enrolled Nurse[2]	45,000.00
3199748	A001441577P	Senior Physiotherapist	30,000.00
5486084	A001688633F	Senior Medical Lab Technician [2	21,333.33
3574045	A001625832U	Senior Registered Nurse	45,000.00
		Total	**325,365.59**

Management Response

The 10 officers referred were serving in the months of April, May and June 2020 and retired in arious dates of May and June 2020, consequently were out of the payroll by July 2020, when the Covid allowances were being paid. Since they had provided the service, each was paid on prorata basis up the date of retirement. They could only be paid outside IPPD because they were already deleted.

Personnel files for all officers aged above 55 years who were seconded to the department of Health in October 2015 were retained in Nairobi by Ministry of Health. After secondment temporary personnel files for the affected officers were opened and were available.

3179408	A001539863K	Senior Public Health Assistant	30,000.00	01/07/2020
3106528	A001846845H	Cleaning Supervisor [2b]	15,000.00	01/07/2020
2280057	A001868579W	Senior Enrolled Nurse [2]	30,000.00	01/06/2020
1206677	A001625428U	Principal Medical Lab Technologist 2	45,000.00	01/07/2020
458601	A001548055B	Senior Public Health Assistant	19,032.26	29/05/2020
7715761	A001785591M	Senior Enrolled Nurse [2]	45,000.00	01/07/2020
2518595	A001643723Z	Senior Enrolled Nurse [2]	45,000.00	01/07/2020
3199748	A001441577P	Senior Physiotherapist	30,000.00	01/07/2020
5486084	A001688633F	Senior Medical Lab Technician 2	21,333.33	05/06/2020
3574045	A001625832U	Senior Registered Nurse	45,000.00	01/07/2020
		Total	**325,365.59**	

Auditor General's Remarks

The Auditor observed the need to capture as much as possible all officers in the IPPD Payroll.

Committee observation and Recommendation

The Audit query is sufficiently mitigated and therefore resolved.

County Own Source Revenue

3.3.20.33 It was established that, while the County Government of Laikipia had budgeted an amount of Kshs. 138,675,463 under own source revenue, only Kshs. 132,770,213 was disbursed resulting in a variance of Kshs. 5,905,250 between approved budgets and actual disbursements. The variance represents the expenditures incurred by the County on COVID activities from other votes prior to opening the Laikipia County Emergency fund account number 1000451181 on 05 June, 2020. The budget was approved vide a letter referenced CGL/CA/CS/08/VOL.6/163 dated 5 May, 2020 from the County Assembly of Laikipia to the County Executive Committee Member, Finance and County Planning.

3.3.20.34 A review of Laikipia County Government Expenditure Report on County Own Initiative revealed that the County had spent a total of Kshs. 120,623,343 as at 31 July, 2020.

3.3.20.35 The operations and Management of the County Own Initiative fund is regulated by The Laikipia County Public Finance Management (Covid 19 Emergency Response Fund) Regulations, 2020 dated 2 July, 2020. The special audit reviewed these expenditures and identified the following irregularities:

Non-Covid related expenditures incurred under the Fund-Kshs. 1,050,000

3.3.20.36 Regulation 4 of the Laikipia County Public Finance Management Regulations 2020 dated 2 July, 2020 requires that the object and purpose of the fund is to mobilize resources for emergency towards containing the spread, effect and impact of the Covid-19 pandemic.

3.3.20.37 Further Regulation 12 of the Laikipia Emergency Fund stipulates that withdrawals from the fund shall be for the purpose of promoting the objects and purpose (as seen above) which the Fund is established. There was an expenditure of Kshs. 1,050,000 being payments to Anne Wahome in respect of imprest to cater for Coordination Surveillance & Monitoring of Desert Locust within the County. This was not geared towards containing the spread, effect and impact of Covid-19 pandemic hence did not promote the objects and purpose of the emergency fund.

Management Response

The County Government of Laikipia had 2 regulations.

i. **The Covid-19 Fund regulations 2020** whose purpose was to guide on utilization of the Coivd-19 funds arising from public donations (that was the Regulation citied above by OAG report).

ii. **The Public Finance Management (Laikipia County Emergency Fund)** regulations 2020 that was gazetted on 4th May 2020. That was an all-purpose emergency regulation. Thus for the above mentioned expenditure the County relied on Regulation 3(a, b, c) of the later regulation. It was worth noting that the supplementary budget was mainly because the County was faced with 2 emergencies that prompted strategic intervention i.e. The Covid-19 pandemic and the Locust pandemic and thus the need for the Emergency Regulations above.

Auditor General's Remarks

The auditor notes the mitigation by management

Committee observation and Recommendation

1. The Committee observed that Covid-19 funds should be strictly used to mobilise resources for emergency towards containing the spread, effects and impact of the Covid-19 Pandemic and funds be kept in the Special Purpose Account.

2. The County should ensure that its County Emergency Fund is sufficiently funded to handle other emergencies.
3. The Committee noted that the mitigation was sound and recommends that the audit query is resolved.

Un-Surrendered Imprest- Kshs. 1,437,600

3.3.20.38 According to section 93 (4) of the Public Finance Management Regulations, 2015, before issuing a temporary under paragraph (2), the accounting officer shall ensure that; the applicant has no outstanding imprest. Further Sec 5 stipulates that A holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty of station. Further, section 15 of the Public Finance Management Regulations, 2015, provides that when the imprest holder needs to have his or her funds replenished, he or she shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to accounts division.

3.3.20.39 A review of payment vouchers on Laikipia County Own Revenue Funds for Covid-19, established that within the period between 18 June, 2020 and 09 July, 2020, 28 officers were issued with a night out Allowances and lunch for Facilitation of Civil Works Program Targeting Jua Kali Area in Nyahururu. However, as at the time of audit on 09 October 2020, imprest amounting to Kshs. 1,437,600 had not been accounted for.

Management Response

Imprest warrants and documents for the period within the period between 18 June, 2020 and 09 July, 2020, 28 issued to officers for a night out Allowances and lunch for Facilitation of Civil Works Program Targeting Jua Kali Area in Nyahururu and the imprest surrender documents have been submitted for audit review. The management confirm that there was compliance on imprest surrender as required by the law and regrets that the documents were not reviewed by the auditor during the audit review.

Auditor General's Remarks

The Audit confirmed receipt and review of the imprest surrender documents.

Committee observation and Recommendation

The Committee, having noted the mitigation and advisory from the auditor, recommends that the audit query is resolved.

Procurement irregularities -Kshs. 3,853,245

3.3.20.40 The special audit identified procurement irregularities amounting to Kshs. 3,853,245 as detailed below:

Table 172: Procurement Irregularities for Laikipia County

1	Delayed delivery of COVID 19 related items exposing public funds to value for money risks	Review of PV no 45170e02 of Kshs. 90,600 being payment of supply and delivery of liquid hand was by Ranny Supplies indicated 1 day as delivery time. Ranny Supplies accepted the award of Tender on 30 March 2020 and therefore the expected delivery date was 01 April 2020. The actual delivery time as per Delivery note No. 008 was 06 April 2020 thus 3 day delay in delivery.	90,600
2	Absence of a contract and failure to indicate the time period within which the service was to be provided exposing public funds to value for money risks	Section 70 (6) of the Public Procurement and Asset Disposal Act, 2015 requires bid document relating to items being procured to indicate the time limit for deliver or completion. A review of payment voucher number 14515d27 of Kshs 3,762,645 being payment for emergency gravel patching and drainage works at Doldol junction to Endana Shopping center in Segera Laikipia North Sub-County by Ugatuzi contractors Ltd, revealed that Quotation No:LCG/INF/CO6/001/2019-20 dated 4 November, 2019 for Bidderr Ugatuzi Contactors LTD did not provide	3,762,645
		Total	**3,853,245**

Management Response

1	Delayed delivery of COVID 19 related items exposing public funds to value for money risks	Review of PV no 45170e02 of Kshs 90,600 being payment of supply and delivery of liquid hand was by Ranny Supplies indicated 1 day as delivery time. Ranny Supplies accepted the award of Tender on 30 March 2020 and therefore the expected delivery date was 01 April 2020. The actual delivery time as per Delivery note No. 008 was 06 April 2020 thus 3 day delay in delivery.	90,600	The supplier had requested extension of time in writing as required by Section 139 (2a) of The PPADA 2015. Approval was granted in writing
2	Absence of a	Section 70 (6) of the Public Procurement and Asset Disposal Act,	3,762,645	The contract was in place indicating the

	contract and failure to indicate the time period within which the service was to be provided exposing public funds to value for money risks	2015 requires bid document relating to items being procured to indicate the time limit for deliver or completion. A review of payment voucher number 14515d27 of Kshs 3,762,645 being payment for emergency gravel patching and drainage works at Doldol junction to Endana Shopping center in Segera Laikipia North Sub- County by Ugatuzi contractors Ltd, revealed that Quotation No:LCG/INF/CO6/001/2019-20 dated 4 November, 2019 for Bidderr Ugatuzi Contactors LTD did not provide		period the service was to be carried out and had since been provided for audit review.
		Total	**3,853,245**	

Auditor General's Remarks

The Auditor notes mitigation by management and recommend that adherence to procurement timelines.

Committee Observation and Recommendation

1. The Committee notes the mitigation by management that the Supplier had requested extension of time on the supply of items due to logistical challenges and noted the three (3) days delay.
2. The Committee recommends that, in future, the Management should strictly adhere to procurement timeline so as not to expose public funds to risks.
3. The Committee having noted the mitigation recommend that query is resolved.

Un-reliable store Ledger records - Kshs. 2,298,600

3.3.20.41 The special audit could not confirm delivery and delivery of goods worth Kshs. 2,298,600 detailed below since the records of issues and receipts of goods at the store were un-serialized and the receipts and issue book had its first pages torn. Further the counter requisition and issue voucher (S11) and S13 the counter receipt voucher (S.13) reflected in the card were not provided.

Table 173: Un-reliable store ledger records in Laikipia County

Supplier	PV No.	Amount (Kshs.)	Items delivered
Kewapa Enterprices	4517004	1,680,000	mask 200, hand sanitizers 500ml

Rany Supplies	451700	90,600	20 liquid hand wash,20 jellycan
Kiwan Hardware	4517e003R	528,000	70 pieces' plastic tanks. 40 pieces of plastic tank taps, 50 pieces of plastic tank
Total		2,298,600	

3.3.20.42 The special audit could not therefore confirm whether the above goods were delivered and issued for use. In view of limited time, the special audit did not conduct a stock take.

Management Response

Kewapa Enterprices	4517004	1,680,000	mask 200, hand sanitizers 500ml	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures have been taken against the officer concerned to avoid such occurrences in future. We have also taken note of the un-serialized documents and have implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not attached and are now submitted
Rany Supplies	451700	90,600	20 liquid hand wash,20 jellycan	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures had been taken against the officer concerned to avoid such an occurrence in future. The management had also taken note of the un-serialized documents and had implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not

				attached were submitted
Kiwan Hardware	4517e003R	528,000	70 pieces' plastic tanks. 40 pieces of plastic tank taps, 50 pieces of plastic tank	All the items had been correctly captured in the receipts and issuance book despite the missing pages. The missing pages were erroneously torn and corrective measures had been taken against the officer concerned to avoid such an occurrence in future. The management had also taken note of the un-serialized documents and had implemented the same going forward. The Counter requisition S11 & S13 that were inadvertently not attached were submitted
Total		**2,298,600**		

Auditor General's Remarks

The Audit did not conduct stock due to the limited period.

Committee observation and Recommendation

The Committee notes the mitigation by the Governor and list of items supplied. Having noted the advisory from the auditor, recommends that the matter be retained in view in the subsequent audit cycle.

Irregular expenditure incurred on Covid-19 Spraying Booth- Kshs. 4,549,200

3.3.20.43 Interim Guidelines on Management of Covid-19 in Kenya and other Covid-19 Protocols and Guidelines does not back spray of people with chemicals through tunnels and cabinets. Further, Section 3 of the Public Procurement and Asset Disposal Act, 2015 provides that the Public Procurement & Asset Disposal by State Organs and Public Entities shall be guided by the principles of the Constitution and relevant legislation such as maximization of Value for Money among others. It was established that, a total expenditure of Kshs. 4,549,200 being payment for supply, delivery and installation of automatic sanitization booth and application on equipment for Laikipia Markets was not guided by the Ministry of Health guidelines as detailed in the table below:

Table 174: Irregular Expenditures incurred on COVID-19 Spraying Booth

Payee	LPO Details	PV No.	Amount (Kshs)	Date

Colti Construction Company	No, 1763214 Dated 17/3/2020	4517E005	2,599,200	17-06-20
Convoy Zone Africa Limited	No 176321'3 dated, 17/03/2020	4517E001	1,950,000	17-06-20
Total			**4,549,200**	

3.3.20.44 Further, a report on installation of public sanitization booths in the Laikipia County Markets and Hospitals by Department of Trade, Tourism, Cooperative & Industrial Development dated 22 April, 2020 cited challenges such us high maintenance cost and low usage of the spraying booths in the hospitals and markets. The Purchase of the spraying booths worth Kshs. 4,549,200 did not therefore achieve its intended purpose thus wastage of funds.

Management Response

The Department of Trade as part of the concerted efforts to contain the spread of COVID-19 and complementing other established measures, indeed mounted Public Sanitizations booths at various entry points within its major markets of Nanyuki, Nyahururu and Rumuruti, as well as Nyahururu and Nanyuki hospitals. This was also informed by the market users' demand for a spraying booth within the markets and entry point into major hospitals. The booths were procured locally from local manufacturers as part of the County Government's initiative of supporting local innovations through the Laikipia Innovation Program on 17/03/2020 as indicated in the table above.

The Ministry of Health issued an advisory dated 09/06/2020 (by then the booths were already operational) that spraying of people with chemicals through tunnels and cabinets could be detrimental to the people's health. This necessitated the stoppage on the use of booths awaiting further advisory from the ministry of health. Meanwhile, the booths were modified and are currently used as controlled hand washing points within the markets and hospitals.

Auditor General's Remarks

The Auditor noted there was no value for money in the purchase of spraying booths.

Committee observation and Recommendation

1. The Committee noted the mitigation the Governor that the booths were procured locally from local manufacturers as part of the County Government's initiative of supporting local innovations through the Laikipia Innovation Program on 17th March, 2020.

2. The Committee, further, observed that the Ministry of Health issued an advisory dated 9th June, 2020 (by then the booths were already operational) that spraying of people with chemicals through tunnels and cabinets could be detrimental to the people's health. It was noted that following the advisory, the booths were modified and used as controlled hand washing points within the markets and hospitals.
3. The Committee observed that the modification may have saved public funds from waste, however if the booths had been fully condemned this would have posed a risk to public funds.
4. The Audit Query to be retained in view in the subsequent audit cycle.

Status of isolation/quarantine centers

3.3.20.45 According to a letter referenced NTHR/Direct/Ext. Govt/Vol.1(2), Laikipia County had a Quarantine and Isolation Center at the Agriculture Show ground and a Critical Care Unit at Nanyuki Teaching and Referral Hospital (NTRH). The special audit team visited the Quarantine and Isolation Center at the ASK show grounds and confirmed that the center had 322 beds, 337 Mattresses with Macintosh cover etc. The Nanyuki Teaching and Referral Hospital Critical Care Unit had 19 Critical Care Beds with full linens, 5 Ventilators, 5 Oxygen delivery CPAP Sets among others.

3.3.20.46 As at 09 October 2020, Laikipia County had sampled 6097 people, out of which the County had 274 confirmed number of Covid-19 cases. Cumulative number of confirmed cases put in hospital isolation was reported to be 136.The County further reported that as at 09 October 2020 it had discharged total of 130 from Hospital isolation.

Financial and Non-Financial Reporting on Covid-19 Funds

3.3.20.47 The special audit established that the County Government of Laikipia submitted a financial report to the Controller of Budget on utilization of COVID-19 funds.

3.3.20.48 It was established the County Government also produced non-financial reports on case load of COVID-19 cases in the County. For example, according to a letter referenced NTHR/Direct/Ext. Govt/Vol.1 (2), the County Government reported on the Equipment and Case Workload of the Quarantine and Isolation Centers in Laikipia County up to 09 October 2020.

Committee's Observations and Recommendations

1. The Committee observed that the Management had submitted a financial report to the Controller of Budget on utilization of Covid-19 Funds. Further, the Management had complied and submitted a non-financial report on case load of Covid-19 cases including equipment and case workload of the Quarantine and Isolation Centers.
2. The Audit Query is resolved.

Pending Bills

3.3.20.49 There were no pending bills on COVID-19 related activity as at the time of completion of the special audit.

Committee's Observations & Recommendations

The Committee commented the Management for clearing all pending bills on Covid-19 activities.

Irregularities, Weaknesses and Managerial Responsibility

3.3.20.50 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 175: Irregularities, Weaknesses and Managerial Responsibility for Laikipia County

	Irregularity/weakness	Risk/law violated	Amount (Kshs)	Responsibility
1	Failure to open a Special Purpose Account for Covid-19 Conditional Grant and have in place an approved work plan	• Comingling of funds • Violation of the framework for Management of the conditional Grant • Violation of section 104 and 107 • (2) of the County Government Act, 2012	54,619,456	County Government of Laikipia
2	Irregular and ineligible Expenditures incurred on GOK conditional Grants	Violation of guidelines issued by the Ministry of Health	1,759,654	County Government of Laikipia
3	Non-Covid related expenditures incurred under the County Own Source Funds-	Regulation 4 of The Laikipia County Public Finance Management Regulations 2020 dated 2 July, 2020 requires that the object and purpose of the fund is to mobilise resources for emergency towards containing the spread, effect and impact	1,050,000	County Government of Laikipia

		of the Covid-19 pandemic.		
4	Un-Surrendered Imprest-Own Source Funds	Section 93 (4) of the Public Finance Management Regulations, 2015	1,437,600	County Government of Laikipia
5	Procurement irregularities –Own Source Funds	Violation of PPADA, 2015	3,853,245	County Government of Laikipia
6	Un-reliable store Ledger records – Own Source Revenue	Violation of PPADA, 2015	2,298,600	County Government of Laikipia
7	Irregular expenditure incurred on Covid-19 spraying booth	Violation of Ministry of Health guidelines and the PPADA, 2015	4,549,200	County Government of Laikipia

Committee Recommendation

The Committee recommends that the County implements the recommendation of the Auditor as reflected in the Audit report.

3.3.21 COUNTY GOVERNMENT OF LAMU

Planning, Budgeting and Financing

Approved work plans, budgets, procurement plans and training plans specific to COVID-19 -Kshs.51, 174,200

3.3.21.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.21.2 The special audit established that, the County Government of Lamu, did not have in place a work plan and procurement plan for Covid-19 activities. Instead, the County Government of Lamu had a "Corona Virus Health Strategic Response Plan", which had a list of activities to be undertaken by the County Officers and the estimated cost for each activity. The document as provided was however not approved and neither was it signed for authenticity.

3.3.21.3 It was noted that, the County had an operating budget for the financial year 2019/2020 before the 1st case of Covid-19 was reported in the Country on 13 March, 2020. In order to cater for the expenses in mitigating Covid-19, the County Executive presented a supplementary budget II on 17 April, 2020. In order to cater for the expenses in mitigating Covid-19, the County Executive presented a supplementary budget II on 17 April 2020.

3.3.21.4 The main objective of the supplementary budget was to reallocate funds from selected development projects to provide for emergency funds to fight the Covid-19 pandemic. However, in a letter addressed to the Speaker of the County Assembly of Lamu ref: CGL/OG/2/1 /VOL. 1/60 dated 29 April 2020, the Lamu County Governor, H.E. Hon. Fahim Yasin Twaha expressed objection to the supplementary budget II for financial year 2019/2020. The grounds for objection was that the County Assembly had substituted Early Childhood Development (ECD) centers and a dispensary for sea wall and a seven aside playground before passing a supplementary budget during the financial year 2019/2020.

3.3.21.5 Due to the objection to the supplementary budget, the County Government utilized the emergency fund of Kshs. 9,857,500 to finance COVID-19 activities. In a subsequent letter by CECM Finance, Ahmed M. Ahmed, ref: CGL/CECMF/2020/183 dated 9 September

2020, the County Government sought for approval from the County Assembly for expenditure of Kshs. 9,858,952 (includes bank charges of Kshs. 1,452) that had been drawn from Lamu County Emergency account.

3.3.21.6 Lamu County did not have a budget for DANIDA Grant of Kshs. 3,955,000 despite the Budget department confirming that they received a letter Ref no. COG/6/40/2A dated 10 July, 2020, which laid out the conditions of the Grant. Frontline Workers Allowances of KSh. 20,325,000.00 was also not budgeted for. In the Budget for FY 2020/2021 however, the County had only budgeted for Conditional Grant of Kshs. 13,682,000.00. The absence of the approved work plans, budgets, training plans and procurement plans is summarized in the table below:

Table 176: Planning and budgeting for Lamu County

1	Approved work Plans	Not in place	Not applicable.	Not in place Kshs.	Not in place
2	Budgets	Not inn place kshs. 13,682,000.0	Not in place Kshs. 20,325,000.0	Not in place Kshs. 3,195,000.0	Not in place
3	Procurement plans	Not in place	Not applicable	Not in place	Not in place
4	Training plans	Not in place	Not applicable	Not in place	

3.3.21.7 The Management explained that the absence of Covid-19 activities in the approved budgets, training plans and procurement plans for the year 2019/2020 was because funds from the National Government were received at the end of the financial year 2019/2020. The County Management therefore had to utilize the funds accumulated in the County Emergency Fund.

3.3.21.8 It is recommended that:

- The County Government should ensure approved procurement plans and training plans that are specific for COVID 19 activities are in place for the National Government Grant and DANIDA Funds

- In future, the National Government should ensure funds are only disbursed to County Governments based on appropriate needs assessment and realistic work plans. This will mitigate public funds from Value for Money risks.

Management Response

At the onset of COVID 19 the county had an approved budget for 2019/2020 which was the basis of all expenditure. By close of year in June 2020 the county had not spent any funds that were allocated for COVI 19. The sum of Kshs. 13,682,000 for COVID 19 grant was received on 4th June 2020 and which was budgeted in the subsequent year budget, Danida funds of Ksh. 3,955,000 was received on 30th June, 2020 and GOK health workers allowance of Kshs. 20,325,000 was received on 6th June 2020 please note this was the close of year period.

Plans are prepared to fit the budget and at the material time there was no budget and the above-mentioned funds had not been anticipated. A supplementary budget to accommodate the above was submitted to the assembly and they made some amendments that were not agreeable with the executive.

On the subsequent budget, 2020/2021 supplementary the funds were captured and an appropriate procurement plan was prepared. **Appendix 1A (Budget)**

The Emergency Fund is a Fund whose main purpose is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure arises. Hence the occurrence of unavailability of budget funds for COVID 19. The committee for COVID 19 recommends the use of Emergency Fund and recommends the break down for fast response on the utilization.

Auditor's Remarks

The Auditor confirmed that the Supplementary Budget submitted had been verified and the audit query resolved.

Committee Observation and Recommendation

The Committee noted the mitigation by Management and the advisory from the Auditor and recommends that the Senate clears the audit query.

Amount of funds received by Lamu County Government including recipient bank accounts

3.3.21.9 The total amount of funds received by the Lamu County Government for COVID 19 activities were as detailed below:

Table 177: Amount of Funds Received in Lamu County

GOK Conditional Grant	13,682,000	4 June 2020	CBK -CRF	1000457414
DANIDA funds	3,955,000	30 June 2020		
GOK Health Workers Allowances	20,325,000	6 July, 2020	CBK-CRF	1000171146
County Own Source Revenue	3,354,700	Various	CBK-CRF	1000171146
County Emergency Fund	9,857,500	Various	Diamond Trust Bank	0149566001
TOTAL	**51,174,200**			

3.3.21.10 Lamu County further spent Kshs. 3,354,700.00 from the department of health's recurrent vote account to cater for training Allowances, refund for transport that was paid to trainees and facilitators, renovations, sensitization and contact tracing. This amount spent from own source did not have a basis due to lack of revised work- plans and departmental budgets for the Covid-19 related expenditures.

Management response

The Departments of Medical Services and Public Health prepared a Covid-19 response plan that was approved by the CECM-Medical Services based on guidelines provided by the Ministry of Health. A copy of the plan was also shared with the Ministry of Health via a letter reference LMU/PH/VOL.II/70/18 dated March 5, 2020. **Appendix 1 B (health plan)**

Health workers trainings were cascaded to various levels. The first two health workers were trained by the national level, in Nairobi. Another team of eight health professionals from the county attended a training of trainers (TOT) by the national level, in Mombasa.

The trained TOTs facilitated subsequent trainings within the county. A Departmental committee appointed to oversee the Covid-19 response activities was responsible for planning for the trainings.

Auditor's Remarks

The Auditor confirmed having verified the documents and were satisfactory.

Committee Observation and Recommendation

The Committee noted the mitigation by Management and the advisory from the Auditor and recommends that the Senate clears the audit auery.

GOK Conditional Grants

Un-utilized GOK Grants of Kshs. 13, 682, 000

3.3.21.11: The Lamu County government received an amount of Kshs. 13,682,000 but the same had not been spent as at 31 July 2020. The funds were disbursed by the National Government to the County Government citing urgency to deal with COVID 19 risks. Therefore, failure to utilize the funds in a timely manner does not only expose public funds to value for money risks, but it also implies that the funds were disbursed to the County Government without adequate needs assessment and planning for its utilization.

Management response

The County received a conditional grant of Kshs. 13,682,000, from the National Government, to establish Covid-19 quarantine and isolation centers. However, the funds were received late in the financial year at date 4th June 2020 and a supplementary was not passed. Therefore, the funds could not be spent. They were however factored in the 2020/21 budget. The procurement processes have since been carried out and tender is awarded for the supply. **Appendix 2 (procurement documents)**

Auditor's Remarks

The Auditor confirmed having verified the procurement documents submitted and were satisfactory.

Committee Observation and Recommendation

The Committee noted the mitigation by Management and the advisory from the Auditor and recommends that the Senate clears the audit query.

DANIDA Funds

3.3.21.12: DANIDA Grants of Ksh.3, 955, 000 was transferred to 31 health centers within the County Government of Lamu for utilization.

Management response

Communication on the third tranche of the DANIDA grant was received in July 2020 when the 2020/21 budget had already been approved by the County Assembly. The funds were received in the County Revenue Fund on 30th June 2020. They were not included in the 2019/20 budget and could therefore not be disbursed.

A distribution schedule to the beneficiary primary health facilities was prepared as per the guidelines and shared with the project management team. The funds were disbursed on August 2020 based on the approved DANIDA grant in the 2020/21 budget.

The additional funds were captured in the first 2020/21 supplementary budget approved by the County Assembly in March 2021.

Auditor's Remarks

On the GOK conditional Grants Lamu County received Ksh. 13,682,000 and at the time of audit they had not spent anything and on the DANIDA Grant they received Ksh. 3,955,000 and they spent everything which they had sent to dispensaries.

By the time of the meeting the auditors had not received any documentation on how Lamu County had spent the GOK conditional Grants.

Committee Observations and Recommendations

The Committee recommend that the budget and procurement plans on the unspent budget when the special audit was done should, within 7 days, be provided to the auditors so that they can be verified and then forwarded to the Committee.

Frontline Health Workers Allowances by the National Government

3.3.21.13: The County Government of Lamu received the National Government Grant for the Frontline Workers on 6 July, 2020. The medical emergency Allowances for the months of April, May and June were therefore paid in arrears using code 823 in the IPPD system. These arrears were paid in July and some were paid in August, 2020 as per the data provided from IPPD and Manual Payrolls respectively.

Management response

The money to pay the UHC officers was disbursed in time but with a condition that they are paid through payroll system. This money is paid through the Ministry of Health's payroll and so the delay was due to the incorporation of these new employees in the IPPD of the Ministry of Health.

Auditor's Remarks

The Auditor confirmed that the monies were paid through the Ministry of Health's Payroll and observed the delay in incorporating the new officers in the IPPD.

Committee's Observations and recommendation

1. The Committee observed that the failure by the County to submit for incorporation the list of new staff to the Ministry of Health for inclusion in the IPPD system resulted to the underfunding.

2. The Committee recommends that all staff in the County Pay roll should be incorporated into the IPPD system after the adoption of this report. Failure to have staff all staff incorporated in the IPPD system resulted in counties under reporting on the actual wage bill.

3.3.21.14: As per the SRC circular Ref No.SRC/TS/COG/3/61/48 dated 28 April 2020, the allocation for Lamu County was Kshs. 20,325,000. When the analysis for these Allowances was carried out, it was found out that the County paid a total of Kshs.21,700,000 to the Frontline Workers, exceeding the allocation with Kshs. 1,375,000 which was financed from own source revenue.

Management response

The Ministry underestimated our share as a County by allocating us a total of Kshs. 20,325,000. Based on the guidelines provided by SRC through their Office letter Ref. SRC/TS/COG/3/61/48 dated 28/04/2020, when we paid our employees in the Medical Services fraternity we spend a total of 21,700,000, incurring expenditure in excess of 1,375,000.

Auditors Response

The Auditor confirmed discrepancy between the amount allocated and the amount paid which resulted in the excess payment and noted that the mitigation was satisfactory.

Committee Observations and Recommendations

The Committee having noted the mitigation by management and the advisory from the Auditor recommends that the Senate clears the audit query.

Manual Payroll

3.3.21.15: It was also noted that there are 9 workers who were paid the allowances outside IPPD System. When their files were reviewed, it was noted that 8 of these workers were employed on contract basis and one was confirmed to be permanent and pensionable since 2016 and did not have personal number.

3.3.21.16: The employees on contract basis had been employed between April and June 2020. Their Allowances payments are therefore in contravention to the SRC circular Ref.No.SRC/TS/COG/3/61/48 dated 28 April 2020which noted that, the cost for medical emergency Allowances did not include those who were at that moment being recruited. These irregular payments of Kshs. 385,000 as detailed below should therefore be recovered from the officers.

Table 178: Irregular payment of Allowances in Lamu County

1.	Mohamed. A. Ahmed	28614682	60,000
2.	Mbarak. M. Mbarak	22150132	60,000
3.	Mohamed A Huri		60,000
4.	Zakiya Mohamed	26698319	60,000
5.	Mohamed Omar	32251059	45,000
6.	Seif. A. Kassim	28603072	60,000
7.	Fadhil A Shakue	32664156	30,000
8.	Amos Kiarie Nduru	32964709	10,000
		Total	**385,000**

Management response

We wish to confirm that employees on contract basis had been employed between April and June 2020. As per SRC circular Ref. No. SRC/TS/COG/3/61/48 dated 28 April 2020, page 5 which noted that, the cost for medical emergency Allowances did not include 8,000 healthcare workers being recruited.

It is good to note that the Circular categorically excluded all 8,000 personnel under the Universal Health Care (UHC) programme, who were employed by the Ministry of Health but Deployed to Counties to beef up support in curbing the COVID-19 Pandemic.

The County Government of Lamu employed additional 8 Medical Personnel, on short term basis between the month of April and May 2020, to reinforce the fight against the Pandemic. These Officers were not part of the UHC personnel.

Notably, the payments of Kshs. 385,000 to the 8 employees mentioned in the report in Table 178 above thus were not any irregular payment. **Appendix 3A (SRC circular).**

Auditor's Remarks

The Auditor advised that the query had been mitigated

Committee Observation and Recommendation

The Committee noted the mitigation by Management and the advisory from the Auditor and recommends that the Senate clears the audit query.

3.3.21.17: Further, 3 workers who signed their contract in May and June were paid full three months' arrears and yet for the month of April 2020 yet they were not in employment as detailed below.

Table 179 Lamu County Officers paid Allowances yet they were not in Employment.

1	Mohamed Salim Omar	32251059	45,000
2	Seifu A. Kassim	28603072	60,000
3	Fadhil A. Shakue	32664156	30,000
			135,000

Management response

The three (3) workers who signed their contract in May and June were paid full three months' arrears and yet for the month of April 2020 were not in employment was an oversight since the payments were paid based on assumption that the arrears were for the 3 Months i.e. April, May & June. The irregular payments shall be recovered immediately. We have initiated the process to recover this money from the officers' salaries. Refer to the Internal Memo from the Director of Human Resource Management Ref. CGL/HRM/G.C.1/VOL.11/61 dated 12th April, 2021. **Appendix 3B (recovery letter).**

After the expenditure we regularized the expenditure by submitting the supplementary which was approved. The supplementary budget was shared with the committee secretariat but not with the auditor.

Management Response

There was a manual payroll whereby eight (8) employees on contract and had been employed between April and June 2020 whereas the SRC circular had provided that newly employed workers were not to be paid, the County Government of Lamu paid these eight (8) workers an amount of Ksh 385,000.

There are three (3) workers who had signed their contract as May and June and they were paid for three months April, May and June, so there was an overpayment of one (1) month.

The supplementary budget had not been supplied to the auditor by the time of the audit and the Auditor was required to submit within 7 days for verification.

Committee Observations and Recommendations

The Committee observed that the County had commenced recovery of the money that was paid to the eight (8) workers for the extra one month. The Committee recommends that the management submits evidence of recovery for verification. The matter be retained in view during the subsequent audit cycle.

County Emergency Fund

3.3.21.18: As at 31 July 2020, the County Government of Lamu had utilized Kshs.9,857,500 from the county Emergency Fund for COVID-19 related activities. A review of the procurement done revealed the following irregularities.

Irregular use of direct procurement method – Kshs. 8,307,500

3.3.21.19: The county used direct procurement method for the following tenders done which did not have the express approval of the Accounting Officer in accordance with section 69(4) of the Public Procurement and Asset Disposal Act which requires that no procurement approval shall be made by a person exercising delegated authority as an accounting officer or head of procurement function unless such delegation has been approved in writing by the accounting officers or the head of the procurement unit, respectively."

The direct procurements done are:

i. **Supply of 10,000 bottles of (500ml) Hand sanitizers by KEMRI at a cost of Kshs.3,500,00**

The committee on Covid-19 approved a direct procurement contrary to Sec 69 of PPADA, 2015 which provides that the Accounting Officer of an entity is the sole authority to give such an approval.

The procurement was done outside the budget contrary to section 53 of the public procurement and Asset Disposal Act; 2015.The contract also did not have an Evaluation, Inspection and Acceptance committee.

Management response

Alcohol based hand sanitizers are part of the recommended measures for prevention of covid-19 infections. They were procured with an allocation from the County Emergency Fund. The method of procured was discussed and agreed by the Covid-19 Committee appointed by the County Secretary. The accounting officer for the Department of Medical Services was a member of the committee and present when the decision was made. **Appendix 4 (minutes)**

KEMRI is a state corporation and the sanitizers were procured at a very competitive price of Ksh 350 per 500ml bottle. A market price index survey carried out by the Public Procurement Regulatory Authority in July 2020 had the product selling at Ksh 675 in Malindi and Ksh 448 in Mombasa.

The funds used from Emergency Fund which is a sole standing Fund and mainly used for the Emergency as per the Emergency Fund Act Part II Sec 5 which state the purpose of the Fund is to enable payments to be made in respect of County when an urgent and unforeseen need for expenditure arises. **Appendix 5 (Emergency Act)**

Auditor's Remarks

The Auditor noted that the mitigation was satisfactory and the documents submitted had been verified.

Committee Observation and Recommendation

The Committee, having noted the mitigation by management and the advisory from the Auditor, recommends that the Senate clears the audit query.

ii. Supply of Surgical Face masks by Kitui County Textile Centre at a cost of Kshs.1,400,000

The committee on Covid-19 approved a direct procurement contrary to Sec 69 of PPAD, 2015 which provide that the Accounting Officer of an entity is the sole authority to give such an approval.

The procurement was done outside the budget contrary to section 53 of the Public Procurement and Asset disposal Act, 2015.

Management response

The 3 ply surgical masks were procured from Kitui County Textile Centre, a public entity run by the Kitui County Government. They were procured with funds from the County Emergency Fund. The direct procurement method was discussed and agreed to by the Covid-19 Committee appointed by the County Secretary. The accounting officer for the Department of Medical Services was a member of the committee and was present during the meeting where the agreement was arrived at.

The funds used from Emergency Fund which is a sole standing Fund and mainly used for the Emergency as per the Emergency Fund Act Part II Sec 5 which state the purpose of the Fund is to enable payments to be made in respect of County when an urgent and unforeseen need for expenditure arises. **Appendix 5 (Emergency Act)**

Auditor's Remarks

The Auditor noted that the mitigation was satisfactory and the documents submitted had been verified.

Committee Observation and Recommendation

The Committee, having noted the mitigation by management and the advisory from the Auditor, recommends that the Senate clears the audit query.

iii. **Supply and Delivery of Mask Materials by Mulinge Textile Graphics at a cost Kshs,1,071,000**

The committee on COVID-19 approved a direct procurement contrary to Sec of PPAD, 2015 which provide that the Accounting Officer of an entity is the sole authority to give such an approval.

The procurement was done outside the budget contrary to section 53 of the Public Procurement and Asset Disposal Act, 2015.

Management response

They were procured with funds from the County Emergency Fund. The direct procurement method was discussed and agreed by the Covid-19 Committee appointed by the County Secretary. The CECM and accounting officer for the Department was a member of the committee and were present during the meeting where the agreement was arrived at. **Appendix 6 (S11)**

The funds used from Emergency Fund which is a sole standing Fund and mainly used for the Emergency as per the Emergency Fund Act Part II Sec 5 which state the purpose of the Fund is to enable payments to be made in respect of County when an urgent and unforeseen need for expenditure arises. **Appendix 5 (Emergency Act)**

iv. **Supply and Delivery of Corona responses PPE items and Consumables by Damuyu Gen Supply at a cost of Kshs. 842,500**

The committee on the COVID-19 approved a direct procurement contrary to Sec 69 of PPADA, 2015 which provides that the Accounting Officer of an entity is the sole authority to give such an approval.

The procurement was done outside the budget contrary to section53 of the Public Procurement and Asset Disposal Act, 2015.

Management response

The items were procured with an allocation from the County Emergency Fund that was approved by the Covid-19 Committee appointed by the County Secretary. The committee agreed on the direct procurement method. The accounting officer for the Department of Public Health was a member of the committee and was present during the deliberations as per the minutes.

The funds used from Emergency Fund which is a sole standing Fund and mainly used for the Emergency as per the Emergency Fund Act Part II Sec 5 which state the purpose of the Fund is to enable payments to be made in respect of County when an urgent and unforeseen need for expenditure arises. **Appendix 5 (Emergency Act)**

Auditor's Remarks

The Auditor noted that the mitigation was satisfactory and the documents submitted had been verified.

Committee Observation and Recommendation

The Committee, having noted the mitigation by management and the advisory from the Auditor, recommends that the Senate clears the audit query.

v. Supply and Delivery of Emergency electrical equipment for Covid-19 Preparedness by Fuhyed Enterprise at a cost of Kshs.994,000

The committee on COVID-19 approved a direct procurement contrary to Sec 69 of PPADA, 20215 which provides that the Accounting Officer of an entity is the sole authority to give such approval.

The procurement was done outside the budget contrary to section 53 of the Public Procurement and Asset Disposal Act, 2015.

Management response

The Committee on COVID 19 had a sitting at the County Headquarters on date 15th April 2020 and approved the usage of emergency funds to support LAWASCO. Direct procurement was approved by the Chief Officer, Water Department on an internal memo REF: CGL/EMG/WATER/02/2019-2020 dated 1st April 2020 paragraph 5 as per Section (103) (b) of the Procurement and Disposal Act

The funds used from Emergency Fund which is a sole standing Fund and mainly used for the Emergency as per the Emergency Fund Act Part II Sec 5 which state the purpose of the Fund is to enable payments to be made in respect of County when an urgent and unforeseen need for expenditure arises. Appendix 5 (Emergency Act)

Auditor's Remarks

The Auditor noted that the mitigation was satisfactory and the documents submitted had been verified.

Committee Observation and Recommendation

The Committee, having noted the mitigation by management and the advisory from the Auditor, recommends that the Senate clears the audit query.

vi. Making Of face masks by Witu Youth Polytechnic at a cost of Kshs. 500,000

Witu Youth Polytechnic was given a task of masks but no contract documents not availed. There was no formal communication to the TVET to show request to produce the masks. Only payment vouchers were attached.

Management response

It is true that Witu TVET was tasked to prepare 100,000 face mask for county wide distribution as part of Lamu County COVID 19 response without a contract. Witu TVET like all other TVETS in the country is an institution under the County Government of Lamu under Department of Education and Vocational Training. This being the case the institution was tasked to incorporate the tailoring department in mass production of the face masks. They were paid as part of casual wages for the production of mask from the County Emergency Fund kits.

On the issue of communication there was a formal meeting of all the managers, chairpersons of TVET and CEC Member for education was called vide our letter to discuss and task the TVET on the production of face masks. **Appendix 7 (Minute and Schedule)**

Auditor's Remarks

The Auditor noted that the mitigation was satisfactory and the documents submitted had been verified.

Committee Observation and Recommendation

1. The Committee observed that the use of County TVET Institution to make face Masks was commendable and encouraged as it helps empower local institutions of learning.
2. It is recommended that the County should ensure that all procurement processes are properly executed from inception to completion.
3. The Committee recommends that the Senate clears the audit query.

Financial and Non-Financial Reporting on COVID-19 Funds

3.3.21.21: It was established that, the County Government of Lamu submitted an inaccurate financial report on utilization of COVID-19 Funds to the Controller of Budget, as detailed below;

Table 180: Financial Reporting for Lamu County

Conditional Grants	13,1682,00	-	-

GOK frontline Health Workers' Allowances	20,325,000		
Own Source revenue	-	3,354,700	3,354,700
County Emergency Fund	0	9,857,500	9,857,500
DANIDA	3,955,000	3,955,000	0

Management response

The requested reports from Office of the Controller of Budget and Council of Governors were as at 31st July 2020 and the Audit done covers up to September 2020 hence there is difference in reporting date and also the information requested. Appendix 8 (letter to COB and COG)

Committee Observations and recommendation

The Committee notes the mitigation by management and advises that the management continues to submit both financial and non-financial reports for verification.

3.3.21.22: The County Government also generated no Financial Reports for internal management usage. A review of the non-financial reports established the following:

Covid-19 Intervention by the County

3.3.21.23: Since the first Covid-19 case in the County on 13 March 2020, the County has had 38 positive Covid-19 cases as at 31 July, 2020. In responses to the positive cases, the county has undertaken the following measures in order to prevent the spread of the virus.

1) Isolation Centers

The county established four isolation centers within the County in order to manage the patients who tested positive on Covid-19. These isolation centers were located in Lamu County Hospital, Witu Health Centers, Kizingitini Dispensary and Kiunga Health Centers; these included renovation of the isolation Centers in the County hospital (King Fahd). The total cost for the establishment of the isolation centers was Kshs. 1,349,068 as 31 July, 2020. The county has had a total of 38 cases being managed at the isolation centers as at the time of the audit.

2) Other Personal Protective Equipment (PPE)

The protective equipment consists of garments placed to protect the health care workers and staff. The county was stocked with PPE including face protection masks, protective gears, thermometers, gloves and sanitizer bottles. These PPEs were either procured or donated to the County.

Other-Audit Observation

Accountability of Donations

3.3.21.24: Bin cards were not provided for the PPEs received as donation both in medical and the county public health office. KEMSA indicated that, they delivered 2 Ventilators as per S11 No. 99239 dated25/06/20 to Lamu County. However, the County stated that they received 2 C-PAP machines and not ventilators. There was no evidence that the Donation were valued and reported in the Books of Accounts contrary to section 74 (4) of the PFM (County Government Regulations), 2015.

Management response

The County received 2 C-PAP machines from KEMSA. The KEMSA counter requisition and issue voucher (form S 11, no. 99239) only indicated ventilators but did not have details. While continuous positive airway pressure can be considered a form of ventilation, the machines are different from mechanical ventilators.

Committee Observations and Recommendations

1. The Committee noted the discrepancy of what was indicated as KEMSA donation *vis-a vis* what was received by the county government and recommends that the County should keep a record of all donations, establish a value of each donation and record in its financial Statements.
2. The County should further write to KEMSA to ascertain the donation and reflect the value of the donation.

3.3.21.25: The Stores Department operates manually and does not have an inventory Management system to ensure efficient and effective inventory Management.

Management response

The stores maintain a manual inventory management system with stock control cards for each item or commodity. The management plans to procure an electronic system in the coming financial year to make it more effective through enhanced visibility.

Committee Recommendation

The Committee recommends that the county institutes proper record keeping system with a view to embracing digital records keeping technology.

Irregularities, weakness and Managerial Responsibility

3.3.21.26: The special audit identified various irregularities and weakness in management controls that may imperil the effective implementation of budgetary and other policy decisions.

The specific irregularities, weakness and respective recommendations for policy intervention are as follows:

Table 181: Irregularities, Weakness, Managerial Responsibility for Lamu County

Direct procurements being carried out without the express approval of the Accounting Officer	Non-compliance with S. 69 of the PPADA, 2015	6,736,500	County Government of Lamu	Further investigation to be conducted by various agencies to establish criminality
The county Government spent money without a budget	Non-compliance with S.S.144 135 PFM, 2012	25,655,000.00	County Government of Lamu and County Department of Health	County government to ensure Budget are presented to the County Assembly for Approval
Procuring goods from another entity without a valid contract or formal communication to the entity requesting for supply of the goods	Violation of section 235 of the PPADA,2015	500,000.00	County Government of Lamu	Further investigation to be conducted by various agencies to establish any criminality

Management response

There is no money lost as the management Provide oversight to all Emergency Fund procurement activities, including ensuring that preparedness measures are implemented. Provide acquisition support for the procurement goods/services required. Ensure adequate cash flow for procurement needs and timely payment to vendors (to avoid disruptions in supply). Hence there is no fund lost in the county.

On the issue of budget they had explain clearly in the above query raised, in addition all procurement were done from unforeseen and funds were drown from the emergency fund hence there is no need for budget. Furthermore, the emergency response committee on COVID 19 took initiation to break down the expenditure as per the availability of funds. As per Emergency Fund Act which requires the Fund Administrator who is the CECM Finance, Strategy and Economic Planning to notify the County Assembly in writing on the payments made out of the Fund as stipulated in section 10 of the Lamu County Emergency Fund Act 2017.

The Witu Polytechnic is part of the County Government of Lamu and management is within the county even the mandatory signatory is the Chief Officer Education.

Committee Recommendation

The Committee recommends that the management implements all recommendations from the Auditor and the Committee to strengthen and improve on its managements and operations.

3.3.22 COUNTY GOVERNMENT OF MACHAKOS

Planning Budgeting and Financing

Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19 Activities.

3.3.22.1 Section 107 (2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the county executive committee member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of county Governments.

3.3.22.2 – The special audit established that the County Government of Machakos had in place a work plan, procurement plan, training g plan and approved budget for the county emergency fund financed from its own source.

3.3.22.3 – On the contrary, there was no evidence of existence of approved work plan and budge for utilization of DANIDA and the Kenya Devolution Support Programme (KDSP) funds received from the National Government as detailed below:-

Table 182 – Planning and Budgeting for Machakos County

1	Approved work plans	In place	Not in place	Not in place	In place	Not in place
2	Budgets	In place kshs. 188,521,000	Not in place	Not in place	In place kshs.100,000,000	Not in place
3	Procurement plans	In place	Not in place	Not in place	In place	Not in place
4	Training plans	Not in place	Not applicable	Not in place	In place kshs.29,650,2000	Not in place

3.3.22.4 – The management explained that the absence of approved budgets, training plans and procurement plans in some funds was because funds were received from the national government towards the end of the financial year 2019/2020 after counties had already concluded preparation

of the 2020/2021 financial year budget estimates amount of funds received by Machakos County Government including recipient bank accounts.

Management Response

The management responded as follows-

1. The DANIDA fund of Ksh. 9,275,000 was disbursed using specified distribution schedule/workplan approved by the donor. The County provided the approved Budget for the fund has.
2. The fund does not require procurement plan because all funds are transferred based on the distribution schedule to all Level 2 &3 facilities for day to day running activities.
3. The approved budget for the GOK workers Allowances and KDSP of Ksh. 97, 560,000 and Ksh. 30,000,000 respectively has been provided for audit review.
4. The trainings were conducted through County COVID-19 Emergency fund (Own Source Revenue and therefore no need to have training plans under Gok Grant of Ksh. 188,521,000 and KDSP.
5. Lastly, the procurement plan and work plan for the KDSP fund of Ksh. 30,000,000 are available for audit verification.

Auditor remarks

The Auditor confirmed that the County submitted the workplans and the auditor is satisfied.

Committee's Observations and Recommendations.

1. The Committee observed that there is need to mitigate public funds against Value for Money risks.
2. The Committee observed that the National Government disbursed funds to counties without ensuring that work plans are in place. The Committee recommends that the National Government should ensure funds are only disbursed to County Government based on appropriate needs assessment and realistic work plans.
3. Having heard the mitigation by the county executive and the auditor's remarks, the Committee recommends that the Senate clears the audit query.

Amount of funds received by Machakos County Government including recipient bank accounts

3.3.22.5 – The total amount of funds received by the Machakos county Government for COVID-19 Activities were as detailed below.

3.3.22.3 – On the contrary, there was no evidence of existence of approved work plan and budget for utilization of DANIDA and the Kenya Devolution Support Programme KDSP funds received from the National Government as detailed below;

Table 183: Amount of funds received for Machakos County

1.	GOK Conditional Grant	188,521,000	CBK, CRF Account	100017051
2.	Danida Funds	9,275,000	CBK, CRF Account	100017051
3.	Danida Health Workers allowances	97,560,000	CBK, CRF Account	100017051
4.	County own source revenue			
	a) County Covid-19 Emergency Fund	100,000,000	Salaries Account/County H/Services Management fund account	1000271345/ 5000000033
5.	Kenya Devolution Support Programme	30,000,000	CBK, Machakos county KDSP Grant	1000368055
	Total	**425,356,000**		

3.3.22.6 – The special audit established that, for county own funds, the county paid various covid-19 expenses from two accounts; the county salaries account number 50000000 and Machakos County Health/Services Management Fund Account number 1000271345.

3.3.22.7 – As at 31st, 2020, funds from the National Government Grant and DANIDA funds had been fully utilized. The Health Allowance Grant and DANIDA funds had been transferred to the County Salary Account 5000000033 for uses while funds from KDSP had been transferred to the Machakos County KDSP Grant Account Number 1000368055

Utilization of Covid 19 funds by Machakos County Government

GOK Conditional Grant

3.3.22.8 The county Government of Machakos received an amount of KSHS 188,521,000 as conditional grants from the national government. an amount of Kshs. 54,506,960 has been incurred as at 31st July 2020.

3.3.22.9 A review of the expenditures incurred, established the following procurement irregularities under GOK Conditional Grants. Under this fund, Machakos County had undertaken 15 procurements, 14 w1hich were audited and the following observations were made.

Failure to update stores records Kshs, 12,141,000

3.3.22.10 Section 133(1) of the PFM Regulations for County Governments 2015, requires that an Accounting Officer shall be responsible for the proper custody, care and uses of government inventories under their control, 8including imported goods in vessels awaiting discharge and in customs warehouses awaiting clearance. In addition 133(2), indicate that the accounting officer shall be responsible for the general management of government inventories held within county government entity.

(1) of the public procurement and asset disposal Act 2015 requires that an accounting officer of a procuring entity shall ensure that all inventory, store and assets purchased and received, but shall not use until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

3.3.22.11 The special audit established that the County Government of Machakos procured 200 hospital semi-fowlers beds with mattress at Machakos level 5 hospital. The tender was awarded to Citrix Limited at a contract price of 12,140,000. However, the stores were not maintained and updated, thus issues of these beds and balances could not be confirmed. It was the responsibility of the accounting officer to ensure that accurate stores records are maintained.

Management Response

The Governor submitted that the 200 hospital semi-fowlers beds with mattresses were received through delivery note number **69** and S13 No. **0412095** dated **4th August 2020**. The same were issued out of the stores through S11 and store bin cards updated accordingly. The bed issues and balances can be confirmed.

Auditor's remarks

The auditor noted that there is some laxity in respect to proper record keeping. The auditor recommended that the issue may be resolved by capacity building and employing competent staff.

Committee's Observation and Recommendation

1. The Committee recommends that the County Executive Committee Member for Finance ensures officers in Procurements and Finance Departments are trained to improve their capacity.
2. The Committee further recommends that Administrative action be taken against officers who failed to keep correct records since it seems there is laxity in respect to proper record keeping.

Payment of Undelivered Items – Ksh.825, 000

3.3.22.12 – The special audit noted that, Jambostar Properties Limited was paid a full amount of Kshs. 62,728,300 for the supply of critical care equipment despite not delivering fifteen dressing tables worth **Kshs. 825,000**

3.3.22.13 – the County Government of Machakos, wrote to the bidder vide a letter referenced DHES/HEALTH MATTERS/VOL.1/133 dated 14 August, 2020 requesting for delivery of

defective items. The bidder responded vide letter dated 18th August, 2020 assuring that the dressing tables would be delivered in 8 weeks since the date of the letter. At the time of the audit, the dressing tables had not been delivered. Machakos County should request for a refund or immediate delivery of the dressing tables.

Management Response

The County informed the Committee that at the time of the exit meeting by the auditors on 30th October 2020, the tables had not been received due to stock out challenges. However, the fifteen dressing tables worth Ksh. 825,000 have since been delivered as indicated by the delivery note and Inspection and Acceptance Note by the bidder.

Further, the Governor stated that the tables had been delivered, but the height had a problem and they were not matching the bed height. They could not be put to use so the contractor had to adjust and bring them back.

Auditor's Remarks

The Auditor noted that fifteen (15) Dressing tables were not delivered by the supplier at the time of audit despite full payment.

Committee's Observations and recommendations

1. The County observed that the actions of the officers who paid for the 15 dressing tables that were not delivered by the supplier at the time of audit despite full payment risked public resources;
2. The Committee directs that the County Executive Committee Member for Finance should ensure the contractor delivers all the dressing tables as per the county specifications and the auditor should review the matter in subsequent audit cycles on the utilization of COVID-19 Funds; and
3. The Committee recommends that the Governor ensures administrative action is taken against the responsible officers for negligence and risking public resources and for not providing information to auditor when required.

Failure to notify bidders of the outcome of the bidding process – Kshs. 12,090,500

3.3.22.14 Section 87 (1) of the public procurement and disposal Act 2015, requires that before the expiry of the period during which tenders must remain valid, the Accounting Officer of the procuring entity shall notify in writing the person submitting the successful tender that his tender has been accepted. The audit noted that notifications to both successful and unsuccessful bidders were missing in the following procurements; supply and delivery of medical equipment awarded to Evernda Investment Ltd at Kshs. 11,390,500, and supply of Laboratory reagents awarded to Flalyn Investment Ltd at kshs.7 00,000.

Management Response

The Governor submitted that-

1. The E-procurement process notifies the bidders; the outcomes through their emails. At the 12th Stage, the systems automatically send regrets to the unsuccessful bidders and inform the successful bidder that he has won the tender.
2. Over and above this, the department wrote manual regret letters to the unsuccessful bidders and copies were kept in a separate file. No complain was received from the bidders meaning that they were satisfied. Appendix (IV)

Auditor remarks

The Auditor confirms that the e-procurement method notifies both the successful and unsuccessful bidders.

Committee observation and recommendation

1. The Committee commended the county for using the e-procurement method.
2. The Committee noted that had the county provided the e-notification logs to the auditor for verification during the course of the audit, the matter would not have been raised as an audit query.
3. Having heard the mitigation by the county executive and the remarks of the auditor the committee recommends that the Senate clears the audit query.

Failure to Issue a Professional Opinion – Kshs. 5,800,000

3.3.22.15- Section 4 (1) of the public procurement and Asset Disposal Act, 2015 requires that, the head of the procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement of asset disposal proceedings.

3.3.22.1 - It was noted that, there was no evidence that a professional opinion was issued for tender number, GMC.MOH.COVID/05/2019-202 for hire of two dome tents awarded to Hamu Ventures at Kshs. 5,800,000.

Management Response

The Governor stated that corrective action has been taken to ensure full compliance to the procurement laws and regulations in future.

Auditor remarks

The county confirmed the Auditor's observations.

Committee's observation and recommendation

1. The Committee noted that the Governor agreed with the audit observation that there was no professional opinion on the award of the tender worth Kshs. 5,800,000.00 in line with Section 4 (1) of the Public Procurement and Asset Disposal Act, 2015.

2. The Committee recommends strict adherence to the procurement laws.

DANIDA FUNDS

3.3.22.16 - The Machakos County Government received Grants from DANIDA through the National Treasury amounting to Kshs.9, 275, 000. The funds were received by the Machakos County Government on 7th July, 2020 o purpose of being disbursed to various Health Centres within the County. At the time of the special audit, the County Government of Machakos had disbursed the funds to the beneficiary health centres. The special audit sampled Kimutwa Health Centre and confirmed that Kimutwa Health Centre had received Kshs. 197,628 as DANIDA FUNDS.

GOK Health Workers Allowances

Underfunding of frontline health workers allowances by the National government Kshs. 4,545,000

3.3.22.17 – The appropriated amount for the Frontline Workers Allowances was Kshs.97, 560,000, however, a total payment of kshs.102, 105,000 was made, thereby leading to a variance of Kshs.4, 545,000 on the appropriated amount. The variance/extra payment was charged on the county own funds for Covid-19.

3.3.22.18 – The payments for the allowances were carried out in the July, 2020 salary totaling to kshs.102, 105,000 but actual payments made in August, 2020.

3.3.22.19 – The Management explained that, the extra payment of kshs.4,545,000 was paid from the County Own Source Funds through the County Salary Account, however, there was no budgetary provision and approval provided for this over expenditure.

Table 184: Payments of Allowances for Frontline Health Works in Machakos County

Appropriated (kshs.)	97,560,000
Utilized in July, 2020 salary (kshs.)	102,105,000
Variance/Extra payment (kshs.)	4,545,000

3.3.22.20 – it is recommended that in future, appropriate consultations should be made between the national and county Governments to ensure they generate accurate numbers of front-line employees to be paid at the county level. This will mitigate against risks of potential labor unrest among health workers and distortion of county payroll budgets.

Management Response

As stated by the management during the audit period, the extra payment of Ksh. 4,545,000 was paid from County Own Source Funds (Ksh.100, 000,000) approved through supplementary budget. In future, the county government will ensure proper consultations are made relating to front-line workers. The approved budget of Ksh. 100,000,000 has been provided for audit review.

Auditor's Remarks

The Auditor confirms that the funds received from the national government had not captured all the workers who qualified the allowance.

Committee Observation and Recommendation

1. The Committee observed that there was no consultation between the National and the County Government on the payment of frontline health workers who were eligible for payment of the additional allowances, as such the support staff and those staff who did not have the IPPD numbers were not captured in calculation by the National Government. This resulted to underfunding.
2. The Committee recommends that there should be adequate communication between the National Government and County Governments concerning the number of health care workers in the counties.
3. The Committee noted that the national government through the Directorate of Personnel Services is charged with capturing data on employees in the IPPD. The Committee therefore recommends that the Directorate of Personnel services should be prompt in ensuring that the data forwarded by the counties is captured.
4. The Committee, further, recommends that the County executive should actively engage the Directorate of Personnel services to ensure that all health workers are entered in to the IPPD.
5. Having noted the mitigation by the county executive and the remarks of the auditor, the committee recommends that the Senate clears the audit query.
6. The Committee further recommends that the issue of the IPPD remain in view and be audited in the next audit cycle.

Duplicate payments – Kshs. 120,000

3.3.22.21 – the special audit carried out analytical procedures to check whether there were cases of multiple payments. The results of the analysis revealed that, there were four employees paid

twice for these allowances as tabulated below. This double payment resulted in an over expenditure of kshs.120, 000. It was the responsibility of the accounting officer to ensure no employee is paid more than once.

Table 185: Double Payment for Frontline Health Workers Allowances

1987018424	Mbatha Martin Katumo	879	30,000
1987018424	Mbatha Martin Katumo	879	30,000
1987027261	Mutunga Regina Itumbi	879	30,000
1987027261	Mutunga Regina Itumbi	879	30,000
1989145641	Muia David Kioko	879	30,000
1989145641	Muia David Kioko	879	30,000
2011239993	Musau Michael Musyoka	879	30,000
2011239993	Musau Michael Musyoka	879	30,000

Management Response

The multiple payments occurred due to banking system error. However, the county has fully recovered the fund through the payroll from the officers. The staff pay slips were availed for audit.

Auditor's Remarks

The Auditor confirmed having satisfactorily verified the submitted documents.

Committee's Observation and Recommendation

1. The Committee observed that the County noted the anomaly of double payment of allowances and mitigated adequately by recovering the sums through payroll deductions.
2. Having heard the mitigation by the county executive and the remarks of the auditor, the Committee recommends the query be resolved.

Payment of medical allowances to non-medical staff – ksh.75, 000

3.3.22.22 – It was established that, three members of staff were paid a total of kshs.75, 000 Yet they were not medical staff in the health care department as tabulated below;

Table 186: Payment of Frontline Health Workers to Non-Health Care Workers.

20140140101	Stephen Alphonse Kioko	879	30,000	Chief Driver	Office of the Governor
20150162431	Muinde Janeffer Kiluta	879	15,000	Support staff	Finance and revenue collection
20160127819	Wambua Jacob Nduki	879	30,000	Chief Driver	Finance and revenue collection

Management Response
The three officers are staff of the health department as indicated by their deployment letters. The payroll manager had not effected the deployment in the IPPD system.

Auditor's Remarks
The Auditor confirmed verification of deployment letters that the officers are indeed deployed to the Health department.

Committee Recommendation.
The Committee, having noted the mitigation by the Governor and the advisory from the Auditor, recommends that the Senate clears the audit query.

County Own Source Revenue
Failure to notify bidders of the outcome of the bidding process – kshs.19, 000,000

3.3.22.23 – It was established that, the County Government of Machakos carried out one procurement under own source Covid-19 funds. The procurement related to the supply of non-pharmaceutical products awarded to Byench Enterprise Ltd at a tender sum of kshs.19, 000,000

3.3.22.24 – Section 87 (1) of the Public Procurement and Asset Disposal Act 2015, requires that before the expiry of the period during which tenders must remain valid, the Accounting Officer of the procuring entity shall notify in writing the person submitting the successful tender that his tender has been accepted. There was no evidence that the County Government of Machakos issued notifications to both successful and unsuccessful bidders for this tender.

Management Response
The E-procurement process notifies the bidders; the outcomes through their emails. At the 12th Stage, the systems automatically send regrets to the unsuccessful bidders and inform the successful bidder that he has won the tender. Over and above this, the department wrote manual regret letters

to the unsuccessful bidders and copies were kept in a separate file. No complain was received from the bidders meaning that they were satisfied.

Auditor's Remarks

The auditor confirmed that e-procurement has an auto function of communication to successful and unsuccessful bidders.

Committee Observation and Recommendation

1. The Committee noted that had the county executive provided the records during the audit process then the matter would never have resulted in an audit query.
2. Having noted the mitigation by the Governor and the advisory from the auditor, the Committee recommends that the Senate clears the audit query.

Other Allowances Paid from Own Source Revenue

3.3.22.25 – The special audit established that, the County Government of Machakos paid other allowances to staff as detailed below: -

Administration and community outreach

3.3.22.26 – The expenditure for allowances to various committees, ward and members of county assembly (MCAs) was budgeted for under the COVID-19 grant as administration and community outreaches expenses at ksh.9, 300,000. The special audit was not availed with documentation on the approved rates of payment.

Management Response

The Members of County Assembly were paid based on Salaries and Remuneration Commission (SRC) Circular No. SRC/ADM/CIR/1/13 VOL.IV (1) and dated 20th November 2017.A copy of the payment voucher and the circular are available for audit.

Committee Observation and Recommendation

1. The Committee observed that the County had budgeted for Ward and Members of County Assembly (MCSs) under the Covid-19 Grant as Administration and Community Outreach expenses and the payments complied with SRC/ADM/CIR/1/13 VOL.IV.
2. The Audit Query is resolved.

3.3.22.27 – An analysis of various allowances paid revealed the following;

Duplicate payments for Ward Administrators

3.3.22.28 – The analysis of ward administrators' allowances revealed that, 2 administrators were paid using the same telephone phone number indicating a double payment tabulated below posing a risk that one person did not receive the allowances

Table 187: Double Payment for Ward Administrators

NAMES	ID/NO	AMOUNT	PHONE	NARRATION
Michael Kiluku	27675609	4000	254717741681	Admin
Festus Mutuku	27742402	4000	254717741681	Admin Allowances

Management Response

The double payment of the allowances made to Michael Kiluku of Contact no. 254717741681 was as a result of a typing error of the phone number. However, a recovery letter has been forwarded to Payroll Manager to recover the full amount.

Auditor's remarks

The Auditor advised that the matter be kept in view in the subsequent audit cycle

Committee's Observation and Recommendation.

The Committee noted that the County has realized the anomaly of the double payment and initiated recovery measures through payroll deduction. The Committee recommends the Auditor reviews the matter in the subsequent audit cycles on the utilization of COVID-19 Funds to ensure full recovery of the amount.

Duplicate payments for COVID-19 National Team Allowances

3.3.22.29 – the analysis of payment for the COVID-19 National Team Allowances, revealed that three telephone numbers were used to make payments to six members indicating a double payment as tabulated below. The use of one telephone number to pay multiple persons poses a risk of one person not receiving their allowances.

Table 188: Duplicate payments for COVID-19 National Team Allowances

Joshua Ingeli	Ass/chief	750	3,000	Matungulu	0710463562
Francis Kioko	Ass/chief	750	3,000	Matungulu	0710463562
Albert Kimathi	Dcc(Snr. Dcc)	1,500	6,000	Kangundo	0721874811
Albert Kimathi	Dcc(Snr. Dcc)	1,500	6,000	Kangundo	0721874811
Peter KovuloMuema	Chief 1	1,000	4,000	Kyua – Yatta	0727990956
Anthony Kyalo	Asst.Chief 11	750	3,000	Katulani – Yatta	0727990956

Management Response

The double payment of the allowances was a result of contact errors from the list provided from the County Commissioners Office for payment processing. However, the department of health has since written to the Office of the County Commissioner to have the amounts recovered from the individuals' salaries. **Appendix (XVII)**

Auditor's remarks
The Auditor confirmed that the documents were satisfactorily verified.

Committee observations and recommendations
Having noted the mitigation by the county executive and the auditor's remarks, the Committee recommends that the audit query be retained in view in the subsequent audit cycle to ensure recovery.

Health Staff Lunch Allowances – ksh.542, 500
3.3.22.30 – The County Government of Machakos had budgeted for this expenditure under own source funds for COVID–19, which was for payment of lunch Allowances to health department staff. The Machakos County COVID-19 committee held a meeting 16th April, 2020 to approve the payment of these allowances. However, from the minutes availed, the committee did not set the rates payable to the various cadres of staff. It was therefore not clear how the paid-out rates were arrived at.

3.3.22.31 – In addition, analysis of Health Care Workers' Lunch Allowances revealed that 74 health care workers received a total of kshs.542, 500 yet they are not present in the Machakos County Human Resource Master data.

Management Response
The allowances were paid using the set S.R.C rates.

The department of health doesn't have all the expertise like architects, quantity surveyors etc and thus it relied on staff from other departments. Some staff were temporarily seconded to the department to help in combating the pandemic. For example, the architects were used to provide technical assistance in erecting the dome at the stadium to ensure safety for the patients.

Committee's Observation and Recommendation
Having heard the mitigation by the county executive, the Committee recommends that the Senate clears the audit query.

Kenya Devolution Support Pragramme (KDSP)
Un-utilized KDSP funds exposing public funds to value for money risks- kshs.30, 000,000

3.3.22.32 – As at 31st July, 2020, funds from the Kenya Devolution Support Project (KDSPS) were still held at the Machakos KDSP Grant Account Number 1000368055. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.22.33 – However, the special audit observes that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose of which no money has been appropriated by the Act or money has been withdrawn from the |County Government Emergency Fund. In such cases, Section 135 (2) and (4) of the Public Finance Act, 2012 requires County Governments to Present supplementary budgets to the County Assemblies within 2 months to formalize the spending.

3.3.22.34 The funds were disbursed to County Government of Machakos citing urgency to deal with COVID-19 Pandemic and therefore failure by the County Government to invoke section 135(1) of the Public Finance Management Act, 2012 to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

3.**3.22.35** It is recommended that the county Government of Machakos should swiftly plan to efficiently and effectively utilize the KDSP funds to mitigate against further value for money risks.

Management Response

The KDSP Funds were utilized in line with the approved budget, work plan and procurement plan. The funds were effectively and efficiently utilized to combat the pandemic particularly during the second wave.

Auditor's remarks

The auditor cautioned that the county must ensure that the donor funds conditions are complied with. The auditor confirmed that the county had complied.

Committee's Observation and Recommendation

Having noted the mitigation by the county executive and the auditor's remarks the Committee recommends that the Senate clears the audit query.

Financial and Non-Financial reporting on COVID 19 FUNDS

3.3.22.36 It was established that, the County Government of Machakos produced and submitted t the controller of budget, an inaccurate financial report on utilization of Covid 19 funds as detailed below

3.3.22.37 The Machakos county Government, had utilized own source funds, covid grant and DANIDA funds however, KDSP funds had not been utilized as at 31st July, 2020. An actual expenditure of Kshs. 54,506,960.00 and KSHS. 57,365,000.00 was incurred under the Covid 19

grant and County own resources specifically, under the county emergency fund as at 31 July, 2020 respectively whereas the County reported an actual expenditure of Kshs. 54,159,060 and Kshs. 62, 705,000 to controller of Budget. It was noted that, under the covid 19 grant, the County had understated the expenditure by Kshs. 347,900 while overstated expenditure under County Own Resources by Kshs. 5,340,000.

Table 189. Financial report for Machakos County

Conditional Grant	**54,159,060**	**54,506,960.00**	**347,900**
Own Source Revenue	**62,705,000**	**57,365,000.00**	**5,340,000**
County Emergency Fund	**0**	**0**	**0**
Danida	**9,275,000**	**9,275,000**	**0**
KDSP	**0**	**0**	**0**

Management Response

The Financial statements for the COVID-19 fund have been restated. The restated financials and payment schedules supporting actual expenditure are now available for audit review.

Auditor's Remarks

The Auditor confirmed that the documents had been submitted for verification and found the documents satisfactory.

Committee Recommendation

Having noted the mitigation by the Governor and the advisory from the Auditor, the Committee recommends that the Senate clears the audit query.

3.3.22.38 There were no other expenditure reports issued by the County Government

Accountability of donations

3.3.22.39 The special audit established that items from KEMSA had been received at the station and had been all been distributed to the various health facilities. In addition, it was noted that Machakos County received donations from other well wishers

3.3.22.40 The following irregularities were noted in Management of donations

Multiple Receipt points of donations

3.3.22.41 Machakos County had multiple points of receipts for donations and purchases of PPEs. Ms Romana Kimende, the Chief Officer External Resources Mobilization and economic planning

explained that there was committee in her department that had been appointed for purposes of receipt and issuance of donations. However, the appointment letter/ authority to members of the committee were not availed to the auditors. This committee did not have proper records showing the receipt and movement of these donations.

Management Response

Corrective action has been undertaken and in future all the donations will be received in centralized place. There was a duly appointed committee in the department of Economic Planning & External Resources Mobilization which was responsible for receipt and issuance of donations. The appointment letter or authority to members of the committee to receive and issue donations is available for audit review.

Auditor's Remarks

The Auditor confirmed that a consolidated list of donations had been submitted and was satisfactorily verified.

Committee's Observation and Recommendation

1. The Committee noted the advisory from the auditor that a list of donations had been submitted for verification and recommends that all donations be taken into charge in the donations register and entered into their respective bin cards.
2. The management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.
3. The Committee further recommends that the records be verified in the subsequent audit cycle.

Failure to maintain proper stores records

3.3.22.42 The officer in charge of stores did not update the stores records (bin cards) upon receipt and issues of materials. It was therefore not possible to establish how the PPEs were distributed and how much was left in the store.

Management Response

Due to the multiple receipt points of donations, some stores records may not have been up to date at the time of audit. However, corrective action has been taken and the stores records (bin cards) for the PPEs are up to date.

Auditor's Remarks

The Auditor confirm the store records have been verified and bin cards confirmed. The matter is resolved.

Committee's Observation and Recommendation

The Committee noted the advisory from the auditor and mitigation from management and recommends that the Senate clears the audit query.

Other-Audit Observations

Pending Bills

3.3.22.43 In addition to an expenditure of Kshs. 111,868,960.00 incurred and paid as at 31st July 2020, The county Government had incurred pending bills amounting to Kshs 130,097,600 as detailed below;

Table 190. Pending Bills for Machakos County

Payment of Allowances from Covid 19 cabinet sub committee	402,000.00
Payment of Allowances for the laboratory officers	60,000.00
Payment of allowances for the burial teams in frontline fighting covid 19	72,000
Payment for rapid response initiative for Covid 19	98,000
Payment of allowances for project managers and public works officers in covid 19	345,000.00
Hamu ventures	1,509,200
Forever General supplies	730,000.00
Flayn	700,000.00
Husmo payment for ventilators	29,000,000.00
Citrix	12,140,000.00
Jambo Star	62,728,000.00
Michag enterprise	10,218,300,00
Randei(supply of PCR Covid 19 test)	7,920,000.00
Total	**130,097,600.00**

3.3.22.44 There was no explanation given as to why there were pending bills. However, at the time of the special audit all the pending payments had been paid.

Management Response

The payments were pending because the payment process was not complete. However, at the time of the special audit all the pending payments had been paid. The reporting template provided by the County Treasury for Covid-19 fund did not have an annex or column to capture pending bill.

Auditor's Remarks

The auditor confirmed that the documents had been reviewed satisfactorily but recommended that the audit query should be kept in view in all audit cycles.

Committee's Observation and Recommendation

1. The Committee noted the County had since settled pending bills related to Covid-19 pandemic.
2. The Committee lauded the Auditor for carrying out the pending bills audits across the country.
3. Having noted the mitigation of the county executive in settling the pending bills, the Committee recommends that the Senate clears the audit query.
4. The Committee further recommends that the matter of pending bills be retained in view in all subsequent audit cycle.

Suspense Account

3.3.22.45 The audit established that, Covid-19 grant funds were held at a Cooperative Bank Account No 1141854487000. It was noted that before any allowances (using mobile payments) is made, the bank transfers an estimate amount to a suspense account from which the actual mobile payments are made from. It was explained that this was an internal control mechanism for the bank which was beyond the control of the department of Health (Machakos County). However, analysis of the suspense account revealed the following issues.

Schedule of payments in payment voucher but does not match the actual schedule of payments to the individuals account

3.3.22.46 The special audit noted that there was a discrepancy between schedules of payment supporting vouchers and actual payments to individual accounts as tabled below;

Table 191: Inconsistencies in payment records

Dr.Ancent Kituku	20145453	0701948691	112,500	64,600	47,900
Naomi Mutie	11061346	0725153190	37,500	64,600	(27,100)
Morris Aluanga	7128012	0710781056	37,500	52,000	(14,500)
Lucas Mwove	20409790	0727577003	94,500	63,000	31,500
Jackson Muthini	23276232	0722162993	31,500	50,400	(18,900)
Robert Maitha	21673634	0721336958	31,500	50,400	(18,900)

3.3.22.47. The recipients were therefore either overpaid or underpaid as indicated in the table.

Management Response

There was no discrepancy between the schedules of payment supporting vouchers and actual payments to individual accounts and therefore no overpayment or underpayment of the receipts. The correct schedule has been attached for audit review.

Auditor's Remarks

The Auditor confirmed the corrected schedule and was satisfied. The Auditor underscored the need for the records to be accurate.

Committee's Observation and Recommendation

1. The Committee noted the advisory from the Auditor and recommends that the Senate clears the audit query.
2. The Committee further recommends that the county capacity build all staff in all departments in respect to record keeping in order to ensure that records are clear.

3.3.22.48. Further analysis of the suspense account revealed that 526 people were paid allowances totaling to Ksh.1, 906,400. These payments schedule could not be traced in the suspense account yet the source of money was Covid-19 funds.

Management Response

The allowances of the 526 officers were paid through suspense account to their individual accounts. An extract of the suspense account from page 28-154 and the payment schedule are attached to confirm that the officers were paid from the Covid-19 fund account.

3.3.22.49 Analysis of payments in the suspense account revealed that 371 members were paid a total of ksh. 2,162,400 but the supporting schedules and payment vouchers for these payments were not availed for review. We could therefore not confirm whether these payments originated from the county and whether they were duly approved.

Management Response

The 371 officers were approved and paid by the county from the Covid-19 Funds Suspense Account. The payment vouchers, supporting schedules and all other necessary documents are available for review.

Auditor's Remarks

The Auditor confirmed verification of the vouchers, supporting schedules and documents submitted and the Audit query is resolved. The auditor cautioned that suspense accounts cast doubt on the records.

Committee's Observation and Recommendation

Having noted the advisory from the auditor, the Committee recommends that the Senate clears the audit query.

Irregularities, weaknesses and managerial responsibility

3.3.22.50 the special audit identified various irregularities and weaknesses in management controls that may imperil the effective implementation of budgetary and other policy decisions. The

specific irregularities, weakness and respective recommendations for policy interventions are as follows:-

Table 192: irregularities and managerial responsibility for Machakos County

1	Disbursement of GOK Grants to Machakos County Government without the County Government having place budget and a covid-19 specific procurement plan to facilitate effective and efficient utilization of the funds	Ineffective fiscal response to covid-19 risks that may result in value for money	30,000,000	County Government of Machakos and Ministry of Health
2	Inadequate coordination between the county Government and the National Government resulting in under-funding of Health Workers Allowances	Labourun-rest among front Government line health ofMachakos workers that andMinistry ofmay derailHealth realization of covid-19 interventions	4,545,000	County Government of Machakos and Ministry of Health
3	Failure to prepared appropriate systems to manage payroll payments resulting in overpayments of frontline healthcare Allowances	Loss of money to the County	195,000.00	County Government of Machakos
4	Failure to prepared appropriate system and procedures to guide emergency procurement of covid-19 items resulting in violation of the public procurement and asses disposal Act, 2015	Violation of section 45(1) of the PPADA, 2015 that requires accounting officers to prepared systems and procedures to guide procurement processes	37,815,500	County Government of Machakos
5	Irregular payment of department of Health Lunch Allowances	Payment to persons who are not in department of health	542,000	County Government of Machakos

Committee Recommendation

The Committee recommends that the County implements the recommendation of the Auditor as reflected in the Audit report.

3.3.24 COUNTY GOVERNMENT OF MANDERA

Planning, Budgeting and Financing of COVID-19 Interventions and Expenditure
Absence of approved work plans, budgets, procurement plans and training plans specific to COVID-19

3.3.24.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53(2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135(2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.24.2 The special audit established that, in the County Government of Mandera there was no evidence of existence of work plans, procurement plans, approved budgets and training plans for the GOK Conditional Grant, GOK Frontline Health Workers Allowances, DANIDA Conditional Grant and County Own Resources as at 31 July, 2020.

3.3.24.3 It was established that the County had included the GOK Conditional Grant and GOK Frontline Health Workers funds in the approved budget of 2020/2021 which was gazetted on 25 September 2020.

3.3.24.4 However, the special audit revealed that there were work plans, an approved budget, a procurement plan and but no training plans were availed for funds remitted to the Mandera County Referral Hospital as at 31 July, 2020 as detailed below:

Table 205: Planning, Budgeting and Financing

1	Approved work. plans	Not in place	Not in place	Not in place	Not in place	In place

2	Budgets	Not in place	Not in place	Not in place	Not in place	In place
3	Procurement Plans	Not in place	Not in place	Not in place	Not in place	In place
4	Training Plans	Not in place	Not in place	Not in place	Not in place	Not in place

Management Response

1. The County agreed that Mandera County Government received the GOK Conditional Grant amounting to Kshs91, 323,000, DANIDA Conditional Grant amounting to Kshs.11, 305,000, GOK Frontline Health Workers allowances amounting to Kshs31, 845,000 and grants for Mandera County Referral Hospital amounting to Kshs.300, 000,000 in the period under review. Mandera County Government also allocated Kshs.180, 000,000 for emergency Covid-19 response in the Financial Year 2019/2020.
2. That the period under review, the County utilized the County Own Contribution of Kshs.180,000,000, the DANIDA Conditional Grant of Kshs.11,305,000 and Kshs.31,845,000 for Frontline Health Workers Allowances. The approved budget, procurement plans and work plans to facilitate spending of the above funds were in place as required by law. (The *county provided Copies of the approved budgets, procurement plans, work plans, and County Treasury Closure Memo.)*
3. That at the time of the audit exercise the County Treasury which is the custodian of the documents was temporarily closed after staff tested positive for Covid-19. Therefore, the documents were not availed for audit.
4. That training plans were not required for the utilization of the County contribution and Health Workers allowances. The County Own resources was planned for procurement of medical equipment and other Covid-19 supplies whereas Frontline Health Workers Allowances was not intended for trainings.
5. Regarding the GOK Conditional Grant of Kshs91, 323,000, the County did not utilize the fund during the period under review due to delay in the Financial Year 2020/2021 budget approval process occasioned by the stalemate between the Senate and National Assembly over the approval of the Division of Revenue Bill (DORA) and CARA, 2020 in line with the timelines in law. (*County provided Copies of the approved FY 2020/2021 budget, procurement plans and work plans for verification.)*
6. That the training plans for funds remitted to Mandera County Referral Hospital was available but not attached to the payment voucher presented for audit. The training plan was in the procurement file at the County Treasury during the audit and later availed for review.

Auditor's Remarks

The Auditor confirmed that the documents had been submitted for audit verification and the matter is resolved.

Committee Observations and recommendations.

The Committee, having noted the mitigation from the management and the advisory from the auditor, recommends that the audit query is resolved.

Amount of funds received by Mandera County Government including recipient bank accounts

3.3.24.5 The total amounts of funds received by the Mandera County Government and Mandera County Referral Hospital for COVID-19 activities were as detailed below:

Table 206: Amount of funds received for Mandera County

1	GOK Conditional Grant	91,323,000	Central Bank	1000171472
2	DANIDA funds	11,305,000	Central Bank	1000171472
3	GOK Health workers allowance	31,845,000	Central Bank	1000171472
4	County own resource	180,000,000	Central Bank	1000171472
5	Mandera County Referral Hospital	300,000,000	Kenya Commercial Bank	1149105127

Utilization of COVID-19 funds by Mandera County Government

Un-utilized GOK Conditional Grant and DANIDA funds.

3.3.24.6 As at 31 July, 2020, funds from the GOK Conditional Grant and DANIDA were still held at the Mandera County Revenue Fund Account number 1000171472. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.24.7 It is recommended that that the County Government of Mandera should swiftly plan to efficiently and effectively utilize the GOK Conditional Grant and DANIDA funds to address the emerging COVID-19 related risks so as to realize value for money.

Management Response

The County submitted that-

1. That Mandera County Government received the GOK Conditional Grant and DANIDA funds on 4th June 2020 and 30th June 2020 respectively. It's true that the funds were unutilized as at 31st July, 2020. This was due to delay in approval of the financial year 2020/2021 budget which was approved and gazetted on 25th September 2020.
2. That on upon approval of budget, the funds were efficiently utilized to address the Covid-19 related risks as intended in the budget.

Committee's observation and Recommendation

1. The Committee observed that there is need to mitigate public funds against Value for Money risks;
2. The Committee observed that the National Government disbursed funds to counties without ensuring that work plans are in place.
3. The Committee recommends that the National Government should ensure funds are only disbursed to County Government based on appropriate needs assessment and realistic work plans.

Underutilisation of Frontline Health Workers Allowances by the National Government

3.3.24.8 The appropriated amount for the Mandera County frontline health workers' allowances was Kshs.31, 845,000, however a total payment of Kshs.31, 560,000 was made thereby leading to an under expenditure of Kshs.285,000 on the appropriated amount. The payment of the Allowances was charged on the salaries vote for Mandera County Government. **3.3.24.9** The payments for the allowances were disbursed in the July salary payments totaling to Kshs.31, 560,000. However, there were no explanations availed for the under expenditure of Kshs.285, 000. As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent.

3.3.24.10 It is recommended that in future, appropriate consultations should be made between the National and County Governments to ensure they generate accurate numbers of frontline employees to be paid at the County level. This will mitigate against risks of potential labour unrest among health workers and distortion of County Payroll budgets.

Management Response:

The County submitted that-

1. The County Government made payments for the frontline health workers allowances totalling to Kshs.31, 560,000 in July 2020 and charged on the salaries vote. These payments were made through the Integrated Payroll and Personnel Database (IPPD system) as noted by the auditor.

2. The variance between the amount received from the National Government (Kshs31, 845,000) and the amount paid by the County Government of Mandera (Kshs. 31,560,000) amounting to Kshs285, 000 relates to allowances for some workers who were eligible for payment as per the Salaries and Remuneration Commission (SRC) circular issued on 28th April 2020 but whose cadres were not recognized by the IPPD system. These included medical lab officers, health record and information officers and drivers.
3. The County Government has since updated the personnel database and paid the workers as required. The payments were made in the month of October 2020 through the IPPD system. *(A copy of SRC circular, IPPD extract showing payments of the Kshs255,000 and a copy of a manual payroll for Kshs30,000 were availed for review)*

Committee's Observation and Recommendation

The Committee noted the data of health workers submitted by the County to the National Government was less than the actual numbers the county had. The Committee recommends appropriate consultations between the National and County Governments to ensure they generate the accurate numbers of frontline employees to be paid at the County level.

Non-compliance with the framework for Management of additional conditional Grant for covid-19 emergency response.

3.3.24.11 The framework for Management of additional conditional Grant for COVID-19 emergency response required that the accounting officers(Chief officer of Finance and the Chief officer of Health Services) were to ensure the funds are disbursed from County Revenue Fund (CRF)to Special Purpose Account (SPA)within fifteen(15) working days (after receiving the funds), strengthen county capacity for the response to COVID-19 pandemic specifically geared to enhancing the capacity for isolation and quarantine centres and build the capacity of health workers to respond to COVID-19 through trainings as per the guidelines.

3.3.24.12 It was established that, the Government conditional Grant was received in the County revenue fund (CRF) account on 4th June 2020 but had not been transferred to the Special Purpose Account (SPA) as at 30th October 2020. Therefore, the funds were not disbursed to the Special Purpose Account in the required 15 working days which Should have been around 25th June, 2020.

3.3.24.13 Further, in the framework for the Management of the Grant, the enhancement of the capacity for isolation and quarantine centres, required the County to have a total of 511 beds for COVID-19 patients and 10 beds for patients requiring critical care at peak (based on the Epi-modelling). However, only120 beds were procured out of the 120 beds, 31 beds were still lying idle in the stores and had not been distributed to the designated quarantine or isolation centres as at 30th October, 2020.

3.3.24.14 In addition, the framework for Management of conditional Grant provided that the purpose of the Grant was to build capacity of Health workers to respond to COVID-19 through trainings as per guidelines. The County did not present for audit review documents and reports in support of any trainings to confirm that the trainings were conducted. The County also did not provide any guidelines or training plans for audit review.

Management Response

The County stated that-

1. The guideline issued by the Ministry of Health on 15th June 2020 required Counties to disburse conditional grants from the County Revenue Fund (CRF) to the Special Purpose Account within fifteen working days. However, the funds cannot be transferred without an approved budget.
2. The Controller of Budget (COB) requires an extract of the approved budget to authorize transfer of funds from the CRF to Special Purpose Accounts. As earlier noted, the County experienced delay in the approval of the financial year 2020/2021 budget. The budget was approved and gazetted on 25th September, 2020.
3. Following direction by the President, the County strengthened its capacity for response to the Covid-19 pandemic by enhancing the capacity of its isolation and quarantine centres. The 511 beds the auditor highlighted was merely an epidemiological modelling from MOH epidemiologists on probable case numbers of covid 19 in Mandera County. This was superseded by the 4th extra ordinary session of the National and county governments coordinating summit on covid-19 pandemic abridged resolution passed on 25th June 2020 that every county should have a minimum of 300 isolation beds.
4. The County procured 310 beds for the Covid-19 patients surpassing the National Government's directive that required all Counties to have 300 beds. The 190 beds were part of non-pharmaceutical items supplied. The payment voucher for medical equipment and non-pharmaceutical supplies including the 190 beds were presented for audit but were not captured in the audit report.
5. The 31 beds that were in the store at the time of the audit has been designated for a staff isolation centre located within the Mandera County Referral Hospital compound. The facility was under renovation at the time. The beds have been installed in the facility upon completion of the renovation works. The beds have been installed and currently in use.
6. The County undertook capacity building programs for health workers in compliance with the purpose of the grant. Training documents, reports and plans are available for review.

Auditor's Remarks

The Auditor observed that the mitigation by management was satisfactory

Committee's Observation and Recommendations

The Committee observed that the delay in formulating the necessary guidelines by the Ministry of Health on the opening of special purpose accounts and the approvals by the Controller of Budget (COB) affected timely utilization of the funds.

Further, the Committee notes that the County later opened Special Purpose Account for the Funds, prepared plans and budgets and utilized the funds accordingly.

The Committee recommends the Office of the Auditor-General to review the propriety of the utilization of the Funds in the subsequent audit cycles.

Non-utilization of the Government Conditional Grant.

3.3.24.15 The Government conditional Grant of Kshs.91, 323,000 was not budgeted for in the FY 2019/2020 and had also not been utilized as at 31 July, 2020. It was further established that the conditional Grant had not been utilized as at 30 October 2020. No plausible reasons were availed for the unspent balance thereby indicating that there was some element of inefficiency on the part of the County Government spending of COVID-19 funds. Further this situation beats the purpose for providing this funds which were to cater for motivation measures against the COVID-19 pandemic which was an emergency at the time of the disbursement of the funds.

Management Response:

The County submitted that-

1. The GOK Conditional Grant of Kshs. 91,323,000 was budgeted for in the financial year 2020/2021 annual budget. The non-utilization was attributed to delay in the budget making process as earlier stated which affected execution of the grant.
2. The budget was approved on 25th September 2020. Technically, the gazettement of the Appropriations Act, budget coding and uploading into the Integrated Financial Management Information System (IFMIS) takes more than a month due to internet connectivity challenges with the IFMIS system.
3. The funds have since been utilized for the intended purposes.

Committee's Observation and Recommendation

The Committee notes that the County delayed in passing the annual budget for the Financial Year 2020/21 which affected the timely utilization of the Conditional Grant. However, the County later utilized the funds for the specific purposes when the budget was passed.

The Committee recommends that, in future, the County Executive should ensure the timely preparations of Budgets and Plans and submission of the same to the County Assembly to avoid unnecessary delays that may hinder service delivery to the residents of the County.

Procurement Irregularities under Hospital Budgetary Support by the National Government-Kshs.300, 000, 000.

Lack of professional opinions

3.3.24.16 Section 84(1) The Head of Procurement function of a procuring entity shall, alongside the report to the evaluation Committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings.

3.3.24.17 It was established that, Mandera County Referral Hospital received in its Kenya Commercial Bank Account No. 1149105127 Kshs. 300,000,000 on 02 July, 2020 from the Ministry of Health. The amount had been appropriated by Parliament and budgeted for in MOH Recurrent Supplementary II budget for COVID-19 Response. However, the special audit revealed procurements amounting to Kshs. 228,910,610 did not have professional opinions contrary to the provisions of the Act.

Management Response:

The County stated that the professional opinions for the supplies were available in the project files maintained at the procurement department but was not presented for the audit since they were at the County Treasury which was under temporary closure at the time of the audit review. That the procurements were undertaken according to the Public Procurement and Disposal Act, 2015 and regulations thereto.

Committee's Observation and Recommendation

The Committee observed that the response was adequate in addressing the query but the County failed to submit the required documents during the audit process citing cases COVID-19 in the Finance Department as at the time of audit. The Committee recommends that the CECM for Finance should ensure documents are availed for audit verification within the stipulated time.

Inappropriate procurement method

3.3.24.18 Section 59. (1) Of Public Procurement Regulations, 2006 require that a procuring entity that conducts procurement using the request for quotations method pursuant to section 88 of the Act shall be subject to the procurement thresholds set out in the First Schedule.

3.3.24.19 The special audit revealed that procurements amounting to Kshs. 272, 531, 900.00 were undertaken through Request for Quotations (RFQs) and did not meet the threshold set under the Regulations. These procurements process should have been done through open tender since the amounts involved were above the RFQ threshold.

Management Response:

The County submitted that-

1. The County procured Covid-19 supplies (pharmaceutical, non-pharmaceutical and medical equipment) through open tender method (i.e. framework agreement) in accordance with Section 114 of the Public Procurement and Asset Disposal Act (PPDA), 2015. Section 114 sub section (3)(a) states that when implementing a framework agreement, a procuring entity may procure through call offs order when necessary.
2. The County entered into a framework agreement with Salihiya Pharmacy and Medical Centre, Mandera Drugmart Ltd and Greenlife Pharma to supply pharmaceutical, non-pharmaceutical and medical equipment when need arises.
3. The quotations attached to the payment vouchers availed for audit were not intended as a method of procurement but as a price comparison mechanism in accordance with Section 114 sub section (3)(b) of PPDA, 2015 that allows mini-competition among persons that have entered into the framework agreement.
4. The County also procured accommodation and catering services by entering into a framework contract with Riverside Inn Hotel and Hill view North Hotel.

The County provide for verification Copies of the advertisement, appointment letters of opening committee, appointment letters of evaluation committee, opening register, opening minutes, evaluation reports, and professional opinions, notification of awards, and agreements and LSOs are available appearing in Volume 1 page 147-278.

5. Rasmi Hotel and Restaurant was directly engaged in accordance with Section 103 of the Public Procurement and Asset Disposal Act, 2015. The reason for the use of this method of procurement has been explained by the Chief Officer for Medical Services in a letter ref no. MOH/MS/MOF/4/VOL.1/22 dated 3rd April 2020.
6. The procurement documents were maintained at the County Treasury which was under quarantine during the audit exercise. They have now been retrieved and available for review.
7. Further, Mandera County undertook water connection at Kamor Hospital and water connection at the Mandera Rehabilitation Centre both designated primary Covid-19 response centres. The projects were awarded to Asmi Investment ltd and Tanwira Investment Company Ltd at a cost of Kshs. 3,898,116 and Kshs. 2,541,174 respectively.
8. The method of procurement used was the Request for Quotation in accordance to PPDA regulation 91(1) of 2020.
9. That the County confirms that the procurement was within the set threshold for works which is Kshs.5, 000,000. (*Provided for verification copies of request for direct procurement, approval of the same, notification of award, agreement for direct procurement, LSO,, payment vouchers and supporting documents*)
10. In addition, Mandera County formulated several strategies to mitigate the effects of the novel coronavirus at the sub county level. These included identification of accommodation centres with adequate bed capacity that can be used as quarantine centres for healthcare

workers and suspected Covid-19 cases. The County engaged prequalified suppliers to provide accommodations and catering services for Covid-19 patients and Frontline health workers based on the number of beds and type of services in the Sub Counties.

11. The amounts paid to the facilities were arrived at after negotiations with the owners of the premises to offer accommodation and catering services for Covid-19 response teams and quarantined patients. The minutes of the procurement negotiation committee meeting was in the project files and not availed to the auditor but are now available for review.

Committee's Observations and Recommendation

The Committee notes-

1. the County used prequalified suppliers and procurement negotiation method while responding to COVID-19 Pandemic;
2. County also procured accommodation and catering services by entering into a framework contract with Riverside Inn Hotel and Hill view North Hotel for the health workers.
3. The County did not submit documents to the auditors at the time audit and cited the temporary closure of the county treasury due to COVID-19 cases.
4. The Committee noted the advisory from the auditor that there was no loss of funds and having noted the mitigation by management recommends that the audit query is resolved.

Irregularities in the procurement processes

3.3.24.20 It was also established that the County incurred expenditure amounting to Kshs. 39,857,500 whose procurement procedures had the following anomalies:

a) Evaluations done before opening of quotations
b) Missing opening and evaluation meeting minutes; and

c) Missing letters of appointments for opening and evaluation Committees.

Management Response

The County submitted that-

1. There were regrettably errors in dating of the evaluation minutes as noted by the auditor. This is a human error which will be avoided in future.
2. The letters of appointment of the opening and evaluation committee as well as the opening and evaluation minutes were available but not attached to the payment vouchers. The documents were maintained at the procurement section of the County Treasury which was under temporary closure during the audit exercise due to COVID-19 infection of a staff member. The documents have since been retrieved and available for review.

The County availed for verification the copies of appointment letters, opening minutes and evaluation minutes.

Auditor's Remarks

The Auditor confirmed that the documents had been submitted for audit verification and were satisfactory

Committee's Observation and Recommendation

The Committee notes that the County admitted to query indicating that it was an error in dating of the evaluation minutes and mitigated adequately by providing copies of appointment letters, opening minutes and evaluation minutes. The Committee recommends that the Senate clears the query.

Unsupported Expenditure

3.3.24.21 Section104. (1) of Public Finance Management Regulations 2015 requires that all receipts and payments vouchers of public money shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

3.3.24.22 The special audit revealed that expenditure amounting to Kshs. 14,012,632.00 was not supporting by relevant documentation and support schedules. Therefore, the authenticity of Kshs. 14,012, 632 could not be ascertained.

Management Response

The County stated that-

1. The payment vouchers were not availed for audit because vouchers were in the County Treasury which was closed during the audit exercise because of positive coronavirus cases among staff. This was communicated vide letter ref no. MOH/MS/MOF/4/VOL I/28 dated 23rd October 2020.
2. The documents were, however, presented the office of the Auditor General in Nairobi on 11th November 2020 and received vide a letter ref. no MCG/MOH/MS/AG/01/2020. This was done before 12th November which was the expiry of 14 days' quarantine period and was also the agreed time frame during the exit meeting. The payment documents were available for further audit review.

Auditor's Remarks

The Auditor confirmed that the documents have since been submitted and verified satisfactory

Committee Observation Recommendation

1. The Committee noted the mitigation by management as concerns submission of documents during audit and the Covid-19 Situation in the County at the time.

2. The Committee, having noted that the documents had been submitted and verified satisfactorily, recommends that the Senate clears the audit query.

Procurement Irregularities noted under the County Own Resources-Kshs.180, 000,000

Lack of professional opinions

3.3.24.23 Section 84(1) The Head of Procurement function of a procuring entity shall, alongside the report to the evaluation Committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings.

3.3.24.24 The special audit established that several procurements amounting to Kshs. 153,226,368 were undertaken and concluded without professional opinions from the head of the procurement function at the County Government of Mandera being attached for review. In the absence of the professional opinions, it was not possible to ascertain if the procurement processes were in accordance with the Act.

Management Response

The County submitted that the professional opinions were available in the project files maintained at the procurement department but was not presented during the audit since the Treasury was under temporary closure and the procurements were undertaken according to the Public Procurement and Disposal Act, 2015 and regulations thereto.

Auditor's Remarks

The Auditor noted that the mitigation of management as satisfactory

Committee's Observation and Recommendation

The Committee observed that the response by the County was satisfactory and recommends that the Senate clears the query.

Inappropriate procurement method

3.3.24.25 Section 59. (1) of Public Procurement require that a procuring entity that conducts procurement using the request for quotations method pursuant to 88 of the Act shall be subject to the procurement thresholds set out in the First Schedule.

3.3.24.26 It was established that procurements amounting to Kshs. 159,298,321 were undertaken through for Quotations (RFQs) and did not meet the threshold set under the Regulations. These procurement procedures should have been done through open tendering since it was established that the amounts involved were above the RFQ threshold.

Management Response

The County responded as follows-

1. Mandera County Government procured Covid-19 supplies (pharmaceutical, non-pharmaceutical and medical equipment) through open tender method (i.e. framework agreement) in accordance with Section 114 of the Public Procurement and Asset Disposal Act (PPDA), 2015. Section 114 sub section (3) (a) states that when implementing framework agreement, a procuring entity may procure through call offs order when necessary.
2. The County entered into a framework agreement with Salihiya Pharmacy and Medical Center, Mandera Drugmart Ltd and Greenlife Pharma to supply pharmaceutical, non-pharmaceutical and medical equipment when need arises.
3. The procurement documents were maintained at the County Treasury which was under quarantine during the audit exercise. They have now been retrieved and available for review. (The County provided for review the Copies of the advertisement, appointment letters of opening committee, appointment letters of evaluation committee, opening register, opening minutes, evaluation reports, awards, and agreements.)
4. The quotations attached to the vouchers availed for audit were not intended as a method for procurement but as a price comparison mechanism in accordance with Section 114 sub section (3) (b) of PPDA, 2015 that allows mini-competition among persons that have entered into the framework agreement.
5. Further, Mandera County awarded the following companies projects as listed below:

a) Erebkuki Community Self-help group – Proposed works at El wak isolation centre in Mandera South sub county – Ksh 3,795,868
b) Jebbin Investment Ltd – Renovation works to 6 bed maternity and twin toilets/bathroom at Girisa dispensary – Ksh 3,177,150
c) Hammad Enterprises Ltd – Refurbishment of Isolation wards at Mandera county referral hospital - Ksh 2,894,803
d) The method of procurement used was the Request for Quotation in accordance to PPDA regulation 91(1) of 2020. We confirm that the procurement was within the set threshold for works which is Kshs. 5,000,000.

Auditor's Remarks

The Auditor noted that the mitigation of management as satisfactory

Committee's Observation and Recommendation

The Committee observed that the response by the County was satisfactory and recommends that the Senate clears the query.

Unsupported Expenditure

3.3.24.27 Section 104. (1) of Public Finance Management Regulations 2015 requires that all receipts and payments vouchers of public money shall be properly supported by pre-numbered receipt and payment vouchers and shall by the appropriate authority and documentation.

3.3.24.28 The special audit revealed that expenditure amounting to under the County Own Revenue Funds was not supporting by relevant documentation and support schedules. Therefore, the authenticity of Kshs7, 874,400 could not be ascertained.

Management Response:

The county submitted that the payment vouchers were in the County Treasury which was closed during the audit exercise because of coronavirus positive cases. The temporary closure of the County Treasury was communicated vide letter ref no. MOH/MS/MOF/4/VOL I/28 dated 23rd October 2020 and a Treasury internal memo dated 25th October 2020. However, the documents were presented to the office of the Auditor General in Nairobi on 11th November 2020 and received vide a letter ref.no MCG/MOH/MS/AG/01/2020 as per the auditor's advisory issued on 28th October 2020.

Auditor's Remarks

The Auditor noted the mitigation by management as satisfactory

Committee's Observation and Recommendation

The Committee observed that the temporary Closure of the County Treasury due to COVID-19 Pandemic cases hampered the timely provision of documents by the County Officers within the stipulated timelines and the auditors had limited time to carry out the special audit on COVID 19 Funds. Further, the Committee notes that the County submitted relevant documentation and support schedules to support amount of Kshs. 7, 874,400 and mitigated satisfactorily.

The Committee noting the mitigation by the County, recommends that the Senate clears the audit query.

Limitation of scope

3.3.24.29 The Mandera County Government vide letter Ref No. MOH/MS/MOF/4/VOL 1/28 dated 23 October 2020 quarantined the Treasury building for a period of fourteen days (14) starting on 26 October 2020. Coincidentally, the special audit was to commence on the same day. The office in its advisory dated 28 October 2020 recommended that the County avails documents domiciled at the County Treasury upon expiry of the self-quarantine period but not later than 12 November 2020. This was documented in the Management Representation Letter and the Exit meeting minutes.

3.3.24.30 On 11 November 2020, Mandera County delivered several documents which included Cashbook extract, CRF Statement, Payment Vouchers and Supplementary Budget gazettement and forwarded to the office vide letter Ref No.MCG/MOH/MS/AG/01 / 2020. However, the County did not avail certified copies of IFMIS Statements for audit review.

3.3.24.31 In addition, the audit established that the County made payment to MIS Rivital Power of vide LSO number 417863, for the Renovation of Maternity and Staff Quarters at Mandera County Referral Hospital. However, bid documents and the evaluation report availed for audit were not legible inhibiting the audit review process.

3.3.24.32 Further, it was not possible to confirm proposed civil works at Elwak Isolation Centre and renovations at Girisa Dispensary amounting to Kshs. 3,795,868 and Kshs.3, 177, 150 due to the security situation in the County.

Management Response

1. That the County was among the first Counties in Kenya to be hit by the Coronavirus disease. The County put in place measures to prevent and curb the spread of the deadly disease by establishing multiagency coordinating teams to help in contact tracing, identification of hotspot areas, and provision of sensitization in the sub counties.
2. The County directed all its employees to work from home except for essential service workers. The County Treasury being a critical service provider was fully operational despite the Covid-19 challenges posed to its employees. Unfortunately, a member of staff at the Treasury tested positive for the virus forcing the office to be temporarily closed. The staffs were directed to self-isolate and work from home as the facility was fumigated vide an internal memo dated 25th October 2020, a copy of which is available for audit review.
3. Additionally, the certified copies of IFMIS statements could not be provided for audit due to the closure of the Treasury. The statements have now been printed and are available for review.
4. Further, the County Government complied with the auditor's advisory dated 28 October 2020 by presenting copies of all the documents stored at the County Treasury upon expiry of the self-quarantine period. The documents were received by the Office of the Auditor General in Nairobi on 11th November 2020.
5. That the copies of the bid documents submitted to the Office of the Auditor General was illegible. However, certified legible copies of bid documents and the evaluation report are now available for review.
6. That over the last 9 years Mandera County experienced a number of terror attacks due to its proximity with unstable Somalia. The terror shocks are not daily events and the projects in question were undertaken as planned and open for inspection at any time by the auditor.

Auditor's Remarks

The Auditor noted that the mitigation by management as satisfactory

Committee's Observation and Recommendation

The Committee observed that the temporary Closure of the County Treasury due to COVID-19 Pandemic cases hampered the timely provision of documents by the County Officers within the stipulated timelines and the auditors had limited time to carry out the special audit on COVID 19 Funds. Later, the County submitted the required documents such the certified copies of IFMIS Statements, the documents relating to civil works at Elwak Isolation Centre and renovations at Girisa Dispensary amounting to Kshs. 3,795,868 and Kshs.3, 177, 150.

The Committee recommends the CECM should ensure documents are submitted to the Office of the Auditor-General within the stipulated timelines in the Public Audit Act.

Non-compliance with the guidelines set out for operationalization and use of DANIDA Conditional Grant Funds - Kshs. 11,305,000.

3.3.24.33 The Chief Executive Officer of the Council of Governors vide Ref No.COG/6/40/2A in a letter dated 10 July, 2020 on transfer Of additional DANIDA funds for Covid-19 for FY 2019/2020 directed that the transfers of these funds from CRF to DANIDA/THS-UC Purpose Account be done within fifteen (15) working days and to the gazetted level 2 and 3 facilities within ten (10) working days failure to which some penalties were to be effected. Further, the dates for the transfer of funds to the SPA was Thursday, 30 July, 2020 and to the gazetted health facilities by Thursday, 13 August 2020 and a copy of the SPA bank Statement sent to the Cluster Coordinators confirming the transfers of these funds.

3.3.24.34 It was established that DANIDA Conditional Grant funds were credited to the Mandera County Revenue Fund Ac/No. on 30 June 2020. As earlier indicated there was no evidence availed that the funds had utilized as at the conclusion of audit. Therefore, the directives of the Chief Executive Officer vide Letter Ref No.COG/6/40/2A on 10 July, 2020 were not observed as follows: -

The money was not credited to the SPA Account on 30 July, 2020. The funds were not transferred to the gazette health facilities on 13 August 2020 as directed. No evidence has been provided that a copy of the SPA bank statement had been sent to respective cluster coordinators confirming the transfers of these funds.

3.3.24.35 The County Government did not adhere to the guidelines from the Council of Governors which may have affected the effectiveness of the Covid-19 interventions.

Management Response

The County stated that did not transfer the DANIDA Conditional Grants to the gazetted level 2 and 3 facilities within the stipulated time of 10 working days because there was no approved budget at the time. The transfer was done after the successful approval of the County budget.

Auditor's Remarks

The Auditor noted the mitigation by management as satisfactory

Committee's Observation and Recommendation

The Committee observed that the response by the County was adequate given that the roll out of the relevant and necessary guidelines by the Ministry of Health delayed and recommends that the query be resolved.

Accountability of Donations

3.3.24.36 Items from KEMSA and MOH were received at the County Referral Hospital Store and had not all been distributed to the various health facilities. There were no donations noted from other donors. There was also no evidence that donations received were valued and reflected in the estimates and other books of accounts for Mandera County contrary to section 74 (4) of the PFM (County Government Regulations), 2015.

Management Response

The Management submitted that, Items received from KEMSA and Ministry of Health were received and distributed to the facilities as per identified needs. Stores ledgers indicating receipts and issuance of items to various health facilities are available for review.

Further, the County received donations from AMREF, Islamic Relief, FCDC, Equity Bank, Kenya Red Cross Society, and USA Marafiki amongst other donors. Evidence of donations were captured in the S3 cards and S11. These records are available for review.

Committee's Observation and Recommendation

1. The Committee noted the mitigation by the management and recommends that nominal value be assigned to all donations received and reported in the subsequent Financial Years for the COVID-19 Fund Statement.
2. The Committee further recommends that the matter be kept in view in the subsequent audit cycle.

Irregularities, Weaknesses and Managerial Responsibility

3.3.24.37 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other decisions. The irregularities, weaknesses and recommendations for policy interventions are as follows:

Table 207: Irregularity and Managerial responsibility for Mandera County

1	Disbursement of GOK DANIDA funds to Mandera County Government without the County Government having in place a budget and a Covid-19 specific procurement plan to facilitate effective and efficient utilization of the funds	Ineffective fiscal response to Covid-19 risks that may result in issues of value for money	11,305,000	County Government of Mandera and Ministry of Health
2	Inadequate coordination between the County Government and the National Government resulting in under-funding of Health Workers Allowances	Labour un-rest among frontline health workers May derail realization of Covid 19 interventions	285,000	County Government of Mandera and Ministry of Health
3	Failure to prepare appropriate systems and procedures to guide emergency of COVID-19 items resulting in violation of the Public Procurement and Asset Disposal Act, 2015	Violation section (84)(1) 59(1) Of the PPADA, 2015 and 104(1) PFM Regulations That requires accounting Officers to Prepared systems and procedures to guide procurement processes	300,000,000 and 180,000,000	County Government of Mandera and County referral Hospital

3.3.24.38 It is recommended that:

- The County Government of Mandera should ensure that the County Own Revenue Funds and Health Care Allowances Funds are factored in the supplementary budget estimates for the financial year 2020/2021.

- The County Government should ensure approved procurement plans and training plans that are specific for COVID 19 activities are in place for the National Government Grant, County Own Generated Funds and DANIDA Conditional Grant Funds
- In future the national government should ensure funds are only disbursed to county governments based on appropriate need assessment and realistic work plans. This will mitigate public funds from value for money risks.

Management Response:

The Management submitted that the County Government has put in place several control measures and established a multiagency coordinating team, monitoring and evaluation and sub county emergency response teams. The County invested Kshs180 million from its own revenue to mitigate the Coronavirus disease. The fight against the Covid-19 disease is still an ongoing war, and Mandera County is committed to staying on the course despite the huge drain and strain it has put on the meagre available resources.

The County has established a joint committee to coordinate between the County Government and the National Government to respond to the Covid-19 emergencies. The County partnered with KEMRI to set up a molecular laboratory and provided training for the County health workers.

That Mandera County conducts Covid-19 tests at the Mandera County Referral Hospital and provide treatment to Covid-19 patients in Mandera unlike in the past where samples were sent to Nairobi for testing.

Recommendations of the auditor are noted although most of what the audit highlighted were as a result of unavailability of documents at the time of audit due to closure of County treasury, delay in passing of revenue sharing formulas in parliament and lack of management letter from the auditors. The County promises to put in place measures to overcome the weaknesses raised in the audit to ensure effective implementation of budgetary and other policy decisions.

Committee's Observation and Recommendation

The Committee notes the internal weakness highlighted by the auditor and recommends the County to implement them to safeguard public resources from risks.

3.3.25 COUNTY GOVERNMENT OF MARSABIT

Planning, Budgeting and Financing

Absence of approved budgets and training plans specific to COVID-19

3.3.25.1 Section 107(2) of the County Government Act, 2012 requires that County Government plans shall be the basis for all budgeting and spending in a County. Section 53 (2) and (5) of the Public Procurement and Asset Disposal Act, 2015 requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process and such plans shall be approved by the County Executive Committee Member responsible for the entity. In addition, section 131 and 135 (2) of the Public Finance Management Act, 2012 requires County Assemblies to approve budget estimates and supplementary budget estimates of County Governments.

3.3.25.2 The special audit established that the County Government of Marsabit had in place a procurement plan, training plan and approved budget for the County Emergency Fund financed from its own source. On the contrary, there was no evidence of existence of approved budget for GOK Health Workers Allowances and training plan for the conditional Grants received from the National Government as detailed below:

Table 208: Planning and Budgeting for Marsabit County

1.	**Approved work plans**	**In place**	**Not in Place**	**In place**	**Not in place**
2.	**Budget**	**In Place (FY2020/21) Ksh 28,819,000**	**Not in Place**	**Not in Place**	**60,000,000 (2019/2020)**
3.	**Procurement**	**In place**	**N/A**	**N/A**	**In place**
4.	**Training Plans**	**Not in place**	**Not Applicable**	**N/A**	**In place**

3.3.25.3 The Management explained that the absence of approved budgets and training plans and procurement plans was because funds were received from the National Government towards the end of the financial year 2019/2020 after Counties had already concluded preparation of the 2020/2021 financial year budget estimates.

Amount of Funds Received by the Marsabit County Government and Recipient Bank Accounts

3.3.25.4 The special audit noted that, the Marsabit County received Kshs. 127,044,000 from various sources as outlined in the table below to fight against COVID-19.

Table 209: Amount of funds received in Marsabit County

1	GOK Conditional Grant	28,819,000	CBK	1000170824
2	DANIDA funds	7,805,000	CBK	1000170824
3	GOK Health Workers Allowances	30,420,000	CBK	1000170824
4	CountyOwn Source Revenue	60,000,000	CBK	1000170824
	Total	**127,044,000**		

Management Response

The management concurred with the observations by the Auditors that there was no evidence of existence of approved budget for Government Health workers and training plans for the conditional grants received from the National Government.

The County Government of Marsabit received Kshs. 30,420,000 from the national government for health workers Allowances and conditional grants of Kshs. **127,044,000**. Towards the closure of FY 2019/2020 when the budget making process was concluded. However, the county government had factored them in the supplementary FY 2020/2021 subsequently procurement plan, work plan and training plan were prepared.

Auditor's Remarks

The auditor confirmed receipt of Budget for conditional grant kshs.30, 420,000 Covid-19 training plan signed on 13.5.2020 and the Budget for national Government emergency response fund kshs.28, 819,000. The response was adequate in addressing the matter.

Committee's Observation and recommendation

Having noted the mitigation and the remarks of the auditor, the Committee recommends that Senate clears the audit query.

Utilization of COVID-19 funds by Marsabit County Government GOK Conditional Grant

Un-utilized GOK Conditional Grant and DANIDA funds- Kshs.36, 624,000

3.3.25.5 As at 31 July, 2020, funds from the National Government Grant and DANIDA funds had not been utilized and were still held at the Marsabit County Revenue Fund Account number 1000170824. This was attributed to absence of approved budgets, work plans and procurement plans to facilitate spending.

3.3.25.6 It was further established that, the Conditional Grant and DANIDA funds had not been utilized as at the time of audit on 29 October, 2020. The funds were still intact at the Marsabit County Revenue Fund Account 1000170824. This was attributed to absence of approved budgets, work plans and procurement plans as well as late disbursements to facilitate spending.

3.3.25.7 However, the special audit observes that section 135 (1) of the Public Finance Management Act, 2012 requires County Governments to spend money that has not been appropriated for incase a need has arisen for expenditure for a purpose for which no money has been appropriated by the act or money has been withdrawn from the County Government Emergency Fund. In such cases, section 135 (2) and (4) of the Public Finance Management Act, 2012 requires County Governments to present supplementary budgets to the County Assemblies within 2 months to formalize the spending. The funds were disbursed by the National Government to County Governments citing urgency to deal with COVID-19 pandemic and therefore failure by the County Government to utilize the funds implies that the funds were sent to the County Government without adequate needs assessment and planning.

3.3.25.8 It is recommended that the County Government of Marsabit should swiftly plan to efficiently and effectively utilize the National Government and DANIDA funds to address the emerging COVID-19 related risks so as to realize value for money.

Management Response

The management concurs with the observations by the Auditors that the county had a total of ksh 127,044,000 received from various sources for covid-19 prevention, mitigation and response including amounts from its own source budget. Utilization of the various grants received for mitigation of the covid-19 pandemic is explained below.

County Government of Marsabit

Table 1 shows the implementation status on the utilization of COVID-19 Funds from 13th March, 2020, when the first COVID-19 case in Kenya was recorded, to 31st July, 2020.

Source of Funds	Budgeted Amount (FY 2019/20)	Receipts through the CRF Account	Exchequer Releases through the OCOB	Direct receipts to the County (Not through	Total Available for utilization	Actual Expenditure	Absorption Rate (%)

	(Kshs.)	(Kshs.)	(Kshs.)	CRF) Kshs.	(Kshs.)	(Kshs.)	
	A	B	C	D	E=C+D	F	G=F/E* 100
Grants from the National Government	-	59,239,000	-	-	-	-	-
Grants from the National Government-KDSP	-	30,000,000	-	-	-	-	-
Donor Funds (DANIDA)	-	7,805,000			-		-
County Own Contribution	60,000,000	60,000,000	-	-	-		-
Total	**60,000,000**	**157,044,000**	-	-	-	-	-

Funds from the National government were received towards the closure of the financial year.

Table 2: Summary of the expenditure items.

S/No.	Description of the expenditure item	Amount Committed (Kshs.)
1	ICU Beds and other related Items	24,494,468
2	Covid-19 Related Mitigation Items	20,508,100
3	Deflibrilator Machine	6,996,000
4	*Mitigation Items*	2,983,000
5	Mitigation Items	2,927,500
6	Renovation of Covid 19 unit	2,090,070
	TOTAL EXPENDITURE	**59,999,138**

While the above items were procured and committed for payments in the FY 2019/20, the county did not make actual payments due to the non-disbursement of June allocation, out of which the payments to the various suppliers could be made.

These expenditure items were committed from the county own allocation for COVID 19, budgeted under the department of Health (development vote) in the Supplementary Budget II approved in April 2020.

These commitments remained outstanding as at 31st July 2020.

Summary of identified issues and recommendations

1. Delays in disbursement of the funds affected the timely absorption of funds as allocated

2. Lack of budget for COVID allocation from the national governments as at the time of disbursement meant funds could not be utilized in payment to front line care workers.

GOK Conditional Grants

The National Government advanced the County Government of Marsabit a Conditional Grants of **Ksh 28,819,000.** The county had earlier in its cabinet meeting proposed procurement of oxygen plant as shown in the extract of cabinets minutes below.

Those funds were earmarked for procurement of an oxygen plant at an estimated cost of Khs 27M. The procurement process was completed on 8th May, 2020 and contract signed on 3rd June, 2020. The amount was budgeted for the current financial year (2020/2021); included in the procurement plan. The plant has since been delivered and installed but the payment has not been done.

Auditor's Remarks

The auditor acknowledges that the county was facing challenges. The county executive advertised in one newspaper instead of two. The auditor confirmed verification of the documents and confirmed that the documents were satisfactory.

Committee's Observation and Recommendation

Having heard the auditor's remarks, the Committee recommends that the Senate clears the audit query.

DANIDA FUNDS

The County Government of Marsabit received Kshs. 7,805,000 grants on 30TH June, 2020 that was meant to support registered primary health facilities towards mitigating the effects of covic-19.

The funds were received into A/C No 1000170824 (Marsabit County Revenue fund) on 30TH June, 2020.These were transferred to special purpose account as evidenced by bank statement. These funds were distributed to the gazetted level 2 and level 3 health facilities in the month of January 2021 as per the approved list of gazetted facilities.

Auditor's Remarks

The County availed the List of gazetted hospitals for level II&III, the Disbursement schedule totaling to kshs.7, 805,000 and SPA bank statement for transferred funds to various facilities. The auditor was satisfied with the response by the management.

Committee's Observation and recommendation

Having noted the mitigation by the county executive and the remarks of the auditor, the Committee recommends that Senate clears the audit query.

GOK Health Workers Allowances

Underfunding of frontline health workers Allowances by the National Government- Kshs.6, 060,000

3.3.25.9 The appropriated amount for the Frontline Workers Allowances was Kshs.30, 420,000. However, a total payment of kshs.36, 480,000 was made, thereby leading to a variance of Kshs.6, 060,000 on the appropriated amount. The variance/extra payment was charged on the salaries vote for Marsabit County Government.

3.3.25.10 The payments for the Allowances were carried out in the July, 2020 salary totaling to Kshs.36, 480,000. As earlier noted, there was no evidence of existence of approved work plan and budgets on how the funds were to be spent. The Management explained that the payments were effected in the month of July in order to mitigate likely social unrest by health workers as they await to ratify this in the budget for 2020/2021.

3.3.25.11 It is recommended that in future, appropriate consultations should be made between the National and County Governments to ensure they generate accurate numbers of frontline employees to be paid at the County level. This will mitigate against risks of potential labor unrest among health workers and distortion of County Payroll budgets.

Management Response

The management indicates that the observations by the Auditors did not tally with our raw data. We concur that the county received Kshs. 30,420,000 for the payment of frontline health worker's however the county paid a total of Kshs. 31,350,000 as allowances. This caused underfunding of Kshs. 6,120.000 and not Kshs. 6,060,000 as reported. The amount received from the ministry of health was not enough to pay all the health workers. The County had to look elsewhere to avoid situation of paying some staff and leaving others unpaid. The overpayment is to be included in the next budget.

Auditor's Remarks

Management explained that the County factored the excess in the next budget. The Auditor noted the underfunding of health workers allowances. The Auditor advised that the matter may be resolved.

Committee's Observation and Recommendation

1. The Committee observed that Ministry of Health had not transferred enough resources to pay all the health workers;
2. The Committee recommends that in future appropriate consultation should be made between the National and the County Government to ensure that accurate numbers of frontline employees to be paid at the County level are generated. This will mitigate risks of potential labor unrest among workers and distortion of County payroll budgets.
3. The Committee noted that the national government through the Directorate of Personnel services is charged with capturing data on employees in the IPPD. The Committee therefore recommends that the Directorate of Personnel services should be prompt in ensuring that the data forwarded by the counties is captured.
4. The Committee further recommends that the County executive should actively engage the Directorate of Personnel Services to ensure that all health workers are entered in to the IPPD.
5. The Committee having noted the advisory from the auditor and mitigation from the management, recommends that the matter be retained in view and reviewed in the subsequent audit cycle.

County Own Source Revenue

3.3.25.11 The special audit team confirmed that County own funds of Kshs.60, 000,000 received in the Marsabit County Revenue Fund Account No. 1000170824 at the Central Bank of Kenya. As at 29 October, 2020, the emergency Funds had utilized all the money and left a balance of kshs.861 which had remained in the account.

Failure to carry out periodic market survey for items and lack of segregation of duties-Kshs.57, 909,072

3.3.25.12 Section 8 (3) (z) of the repealed Public Procurement and Disposal Regulations, 2006 require a procuring entity to carry out periodic market surveys to inform the placing of orders or adjudication by the relevant award Committee.

3.3.25.14 Section 71(4) (d) of the Public Procurement and Disposal Act 2015 requires the Head of Procurement to generate and conduct a market survey for items procured under alternative procurements other than open tender.

3.3.25.15 The special audit reviewed the quotations raised the County Government of Marsabit and noted that the Accounting Officer, placed the orders without evidence of the Head of Procurement conducting a market survey for items worth Kshs.57,909,072 as detailed below:

Table 211: Failure to Conduct Market Survey in Marsabit County

3.3.25.13 Section 9 (a) of Public Procurement and Disposal Regulations, 2006 requires that, the user department be responsible for initiating procurement and disposal requirements and forwarding them to the procurement unit. Section 78. (1)(b) of the Public Procurement and Disposal Act, 2015 requires an Accounting Officer of a procuring entity, to appoint a Tender Opening Committee specifically for the procurement in accordance with the requirement that at least one of the members shall not be directly involved in the processing or evaluation of the tenders.

3.3.25.14 Section 22(4) Public Procurement and Disposal Regulations, 2006 require that approved procurement requisitions be submitted to the procurement unit of the procuring entity to initiate procurement proceedings.

3.3.25.15 The special audit established that, Marsabit County Government procured COVID related goods worth Kshs.57,909,052 with the initiation and requisition by an Accounts Clerk Mr. Yussuf Goto Abdullahi, of personal number 20140124803 contrary to section 9(a) of Public Procurement and Disposal Regulations, 2006 which demands that the user department to initiate the procurement process. It was further noted that Yussuf Goto Abdullahi, still participated in the opening of tenders, receiving and acceptance Committee of the above listed tenders.

Management Response

During the period, the county government of Marsabit procured various goods and services, the market survey was done from among the prequalified suppliers prior to issuance of bid documents. These was to ensure that the goods were procured at the prevailing market prices. The market survey was done on 25th and 26th march 2020 on covid-19 related items.

Note that some of those items were not available in Marsabit as at the time of survey however the market survey was done outside the county.

Mr. Yusuf Goto is the departments IFMIS requester but he does not participate in tender evaluation and inspection and acceptance committee.

Auditor's Remarks

The Auditor noted that the county provided the Market survey price index, Market survey forms attached from 4 companies, appointment of tender committee and Inspection and acceptance report. The Auditor advised that upon verification, the matter was addressed adequately.

Committee's Observation and recommendation

Having noted the mitigation, the Committee recommends that Senate clears the audit query.

Irregular use of restricted procurement method- Kshs 15,498,344.

3.3.25.16 Section 102 (1) of the PPAD Act,2015 requires an Accounting Officer of a procuring entity to use restricted tendering if any of the following conditions are satisfied-

- Competition for contract, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers resulting from the procedure under section 94
- The time and cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured
- If there is evidence to the effect that there are only a few known suppliers of the whole market of the goods, works or services
- An advertisement is placed, where applicable, on the procuring entity website regarding the intention to procure through limited tender.

3.3.25.17 The special audit noted that, the County Government of Marsabit procured items worth Kshs. 45,002,572 using restricted procurement method contrary to section 102 of the PPAD Act, 2015 since the Head of Procurement function did not mention in his professional opinion dated 29 April, 2020 reasons why restricted tender was used.

3.3.25.18 Further, the two companies had not delivered goods amounting to Kshs. 15,498,344 as at the time of audit on 28 October, 2020, despite having been notified of the award of tender on 30 April, 2020.

3.3.25.20 The special audit noted that, the County Government of Marsabit procured items worth Kshs. 45,002,572 using restricted procurement method contrary to section 102 of the PPAD Act, 2015 since the Head of Procurement function did not mention in his professional opinion dated 29 April, 2020 reasons why restricted tender was used.

3.3.25.21 Further, the two companies had not delivered goods amounting to Kshs. 15,498,344 as at the time of audit on 28 October, 2020, despite having been notified of the award of tender on 30 April, 2020

Table 212: Irregular use of restricted tendering method in Marsabit County

Tender /quotation number	Company name	Items	Tender price (Kshs)	
MBT/COU/HEALTH/EMERG/2/201 9-2020	Nyamayo Investment	Covid-19 related mitigation items	20,508,100	3249859
MBT/COU/HEALTH/ICU/1/2019-2020	Commodore International Limited	Ventilator, Patient monitor,	24,494,472	3249860
		Infusion pump, Syringe pump, ICU bed, Endotrachea		
	Total		**45,002,572**	

Management Response.

The use of restricted tendering was necessitated by the;

- urgency to procure COVID 19 mitigating items
- Specialized nature of the supplies

It's important to note that the Chief Officer Health services sort a professional opinion.

There was delay in supply of goods worth Kshs. 15,498,344 because of scarcity of the same in the market, however the previous contracts for both Nyamwayo and Commodore were terminated. The county has since procured the items and supplies were delivered.

Auditor's Remarks

The Auditor confirmed that they had verified the documents submitted by the county executive satisfactorily. They further recommended that the matter may be resolved.

Committee's Observation and Recommendation

Having heard the mitigation by the management and the auditor's remarks, the Committee recommends that the Senate clears the audit query.

Financial and Non-Financial Reporting on Covid-19 funds

3.3.25.19 The special audit noted that the County Government of Marsabit produced and submitted to the Controller of Budget financial report on utilization of COVID-19 funds. The special audit established that Kshs. 36,480,000 was spent under frontline health workers as at 31stJuly, 2020 while the report by Marsabit County Government to the controller of Budget did not indicate this expenditure.

Auditor General's Remarks

The Auditor notes that the county should continuously submit both financial and non-financial reports to the Auditor General and Controller of Budget for verification.

Committee Observation and Recommendation

1. The Committee recommends that the county should continuously submit accurate and comprehensive financial and non-financial reports in compliance with the law.
2. The Committee further recommends that the Auditor consider undertaking a capacity building exercise with the county to ensure appropriate non-financial reporting.

Accountability of Donations

Failure to value Donations

3.3.25.20 Section 74(4) of the PFM County Government Regulations, 2015 requires that where Grants and donations are receivable in Kind, the value of such donations shall be determined and included in the estimate and reflected as expenditure in the financial year.

3.3.25.21 The special audit established that Marsabit County received various donations in kind from its partners. However, it was noted that at the time of audit, the donations had not been valued to be included in the supplementary estimates for financial year 2020/2021 contrary to the provisions of section 74(4) of the PFM County Regulations 2015.

Management Response

The management concurs with the auditors' observations that it received donations from KEMSA and other partners. The donations were received and redistributed. The management is currently revaluing all the donations received and will be included in the amended financial statement.

Auditor General's Remarks

The auditor noted that the Public Finance Management Act required the counties to value donations.

Committee Observation and Recommendation

1. The Committee recommends that all donations be taken into charge in the donations register and entered into their respective bin cards
2. The Committee further recommends that the management should obtain a nominal value of the donations and disclose the inventory value in the Financial Statements of the subsequent financial year.
3. Having noted the mitigation by the county executive and the remarks of the auditor, the Committee recommends that the matter be retained in view in the subsequent audit cycle.

Irregularities, Weaknesses and Managerial Responsibility

3.3.25.22 The special audit identified various irregularities and weaknesses in Management controls that may imperil the effective implementation of budgetary and other policy decisions. The specific irregularities, weaknesses and respective recommendations for policy interventions are as follows:

Table 213: Irregularities, Weaknesses and Managerial Responsibility in Marsabit County

1	Disbursement of GOK Grants to Marsabit County Government without the County Government having in place a budget and a Covid-19 specific procurement plan to	Ineffective fiscal response to Covid-19 risks that may result in Value for Money.	67,044,000	County Government of Marsabit and Ministry of Health	Disbursement of Funds to Counties to be based on approved work plans to ensure efficient and effective utilization of funds

2	Inadequate coordination between the County Government and the National Government resulting in under-	Labour un-rest among front line health workers that may derail realization of	6,060,000	County Government of Marsabit and Ministry of Health	Ensure adequate consultation on number of staff eligiblefor Allowances before disbursing funds
3	Failure to prepared appropriate systems and procedures to guide emergency procurement of COVID-19 items resulting in violation of the Public	Violation of section 45 (1) of the PPADA, 2015 that requires accounting officers to	45,002,572	County Government of Marsabit	County Government to prepared appropriate measures to ensure compliance with the law
		procurement processes			
4	Failure to conduct a market survey prior to commencement of the Procurement process.	Wasteful expenditure both on the side of National and County Government	Violation of section 8 (3)(z) which requires an entity to carry out a periodic market	National and Marsabit Government. ■	County Government to prepared appropriate measures to ensure compliance with the law

Committee observation and Recommendation

The Committee recommends that the county government implements the recommendations detailed in the report of the Auditor General to eliminate irregularity, strengthen weakness and improve on overall managerial responsibility.

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 7TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON THURSDAY 16TH SEPTEMBER, 2021, AT 11.00 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Ms. ChristineSagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo	- Hansard Officer
11)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 31/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 11.45am and the meeting commenced with a word of prayer.

MIN. NO. SCH 32/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Abdullahi Ali, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Nandi County Executive on the Utilization of Covid-19 Funds***
   b) ***Embu County Executive on the Utilization of Covid-19 Funds***
   c) ***Kitui County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 33/09/2021: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING.

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) The Minutes of the meeting held on Wednesday, 2nd June, 2021 with Nandi County Executive were confirmed after being proposed by Sen. Millicent Omanga, MP and Seconded by Sen. (Dr.) Beth Mugo, MP.
b) The Minutes of the meeting held on Wednesday, 2nd June, 2021 with Embu County Executive were confirmed after being proposed by Sen. Prof. Sam Ongeri, EGH, MP and Seconded by Sen. Millicent Omanga, MP.
c) The Minutes of the meeting held on Tuesday, 27th April, 2021 with Kitui County Executive were confirmed as a true record of the sitting's proceedings and signed by the Chairman after they were proposed by Sen. Millicent Omanga, MP and Seconded by Sen. Beth Mugo, MP.

MIN. NO. SCH 34/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY NANDI EMBU& KITUI COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report of the utilization of Covid-19 Funds by Nandi County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report of the utilization of Covid-19 Funds Embu County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report of the utilization of Covid-19 Funds Kitui County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH35/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 12.59pm until 2.30pm in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 8TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON THURSDAY 16TH SEPTEMBER, 2021, AT 2.30 P.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
2)	Ms. ChristineSagini	- First Clerk Assistant
3)	Mr. Yusuf Shimoy	- Clerk Assistant II
4)	Ms. Caroline Njue	- Clerk Assistant III
5)	Ms. Sharon Rotino	- Research Assistant
6)	Ms. Sombe Toona	-Legal Counsel
7)	Ms. Fahriya Ibrahim	-SAA
8)	Ms. Concepta Owino	- Hansard Officer
9)	Mr. Fredrick Warimo `	- Hansard Officer
10)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 36/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 11.45am and the meeting commenced with a word of prayer.

MIN. NO. SCH 37/10/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Abdullahi Ali, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Turkana County Executive on the Utilization of Covid-19 Funds***
   b) ***Nyandarua County Executive on the Utilization of Covid-19***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 38/09/2021: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING.

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Tuesday, 4th May, 2021, Turkana County Executive were proposed by Sen. Dr. Abdullahi Ali, MP and Seconded by Sen. Fred Outa, MP.
b) Minutes of the Meeting held on Wednesday, 26th May, 2021, with Nyandarua County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP

MIN. NO. SCH 39/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY TURKANA & NYANDARUA COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report of the utilization of Covid-19 Funds Turkana County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report of the utilization of Covid-19 Funds Nyandarua County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH40/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 4.30pm until 17th September, 2021 at 9.00am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 9TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON FRIDAY, 17TH SEPTEMBER, 2021 AT 9:00 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. ChristineSagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo	- Hansard Officer
11)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer

2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 41/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 9.25 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 42/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Mary Seneta, MP** and seconded by **Sen. Fred Outa, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Machakos County Executive on the Utilization of Covid-19 Funds***
   b) ***Bungoma County Executive on the Utilization of Covid-19 Funds***
   c) ***Lamu County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 43/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Monday, 3rd May, 2021, Machakos County Executive were proposed by Sen. Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
b) Minutes of the Meeting held on Monday, 31st May, 2021 were proposed MP and by Sen. Beatrice Kwamboka, MP, Seconded by Sen. Fred Outa, MP.
c) Minutes of the Meeting held on Tuesday, 8th June, 2021were proposed MP and by Sen. Mary Seneta, MP Seconded by Sen. Dr. Abudlahi Ali, Mp
d) Minutes of the Meeting held on Wednesday, 9th June, 2021 were proposed MP and by Sen. Millicent Omanga, MP and Seconded by Sen. Dr. Abudlahi Ali, Mp
e) Minutes of the Meeting held on Thursday, 17th June, 2021, Bungoma County Executive were proposed by Sen. Dr. Abdullahi Ali, MP and Seconded by Sen. Fred Outa, MP.

f) Minutes of the Meeting held on Friday, 7th May, 2021, with Lamu County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP

MIN. NO. SCH 44/09/2021: CONSIDERATION AND ADOPTION OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY MACHAKOS, BUNGOMA & LAMU COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization on Covid-19 Funds by Machakos County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Bungoma County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Lamu County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH45/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 11.07am until 11.30am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 12TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SATURDAY, 18TH SEPTEMBER, 2021 AT 9:00 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** **- Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, M P
6) Sen. Millicent Omanga, MP
7) Sen. Fred Outa, MP
8) Sen. Ledama Olekina, MP

APOLOGY

1) Sen. (Prof) Samson Ongeri, EGH, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. Christine Sagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo	- Hansard Officer

11) Mr. Robert Rop -Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 56/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 9.05 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 57/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Mary Seneta, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Samburu County Executive on the Utilization of Covid-19 Funds***
   b) ***Bomet County Executive on the Utilization of Covid-19 Funds***
   c) ***Nyeri County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 58/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Monday, 10th May, 2021, Samburu County Executive were proposed by Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
b) Minutes of the Meeting held on Wednesday, 19th May, 2021 at 2.30pm, with Bomet County Executive were proposed by Mary Seneta, MP and Seconded by Sen. Dr. Abdullahi Ali, MP.
c) Minutes of the Meeting held on Thursday 27th May, 2021, with Nyeri County Executive were proposed by Sen. Mary Seneta, MP and Seconded by Sen. Beatrice Kwamboka, MP

MIN. NO. SCH 59/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY SAMBURU, BOMET & NYERI COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization on Covid-19 Funds by Samburu County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Bomet County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Nyeri County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 60/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 11.05am until 11.30am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 13TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SATURDAY, 18TH SEPTEMBER, 2021 AT 11:30 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. Fred Outa, MP
8) Sen. Ledama Olekina, MP

APOLOGY

1) Sen. (Prof) Samson Ongeri, EGH, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. Christine Sagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA

9) Ms. Concepta Owino - Hansard Officer

10) Mr. Fredrick Warimo - Hansard Officer

11) Mr. Robert Rop -Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 61/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 11.35 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 62/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Millicent Omanga, MP** and seconded by **Sen. Dr. Abdullahi Ali, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Laikipia County Executive on the Utilization of Covid-19 Funds***
   b) ***Busia County Executive on the Utilization of Covid-19 Funds***
   c) ***Uasin Gishu Executive on the Utilization of Covid- 19 Funds***
   d) ***TransNzoia County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 63/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Wednesday, 12th May, 2021 with Laikipia County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP.

b) Minutes of the Meeting held on Monday, 19th April, 2021 with Busia County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP.

MIN. NO. SCH 64/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY LAIKIPIA, BUSIA, UASINGISHU & TRANSNZOIA COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization on Covid-19 Funds by Laikipia County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Busia County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Uasin Gishu County Executive with observations and recommendations as reflected in the report.
d) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds TransNzoia County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 65/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 11.35am until 2.30pm in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 14TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SATURDAY, 18TH SEPTEMBER, 2021 AT 2:30 P.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

ABSENT WITH APOLOGY

1) Sen. (Prof) Samson Ongeri, EGH, MP
2) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. Christine Sagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel

8) Ms. Fahriya Ibrahim -SAA
9) Ms. Concepta Owino - Hansard Officer
10) Mr. Fredrick Warimo - Hansard Officer
11) Mr. Robert Rop -Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 66/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 2.40 p.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 67/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Mary Seneta, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Baringo County Executive on the Utilization of Covid-19 Funds***
   b) ***Garissa County Executive on the Utilization of Covid-19 Funds***
   c) ***Elgeyo Marakwet County Executive on the Utilization of Covid-19 Funds***
   d) ***Mandera County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 68/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Thursday, 13th May, 2021, with Baringo County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP
b) Minutes of the Meeting held on Monday, 19th April, 2021, with Garissa County Executive were proposed by Sen.Mary Seneta, MP and Seconded by Sen. Dr. Abudlahi Ali, Mp

c) Minutes of the Meeting held on Monday, 17th May, 2021, with Elgeyo Marakwet County Executive were proposed by Millicent Omanga, MP and Seconded by Sen. Beatrice Kwamboka, MP
d) Minutes of the Meeting held on Monday, 19th April, 2021, with Mandera County Executive were proposed by Sen. Mary Seneta, MP and Seconded by Sen. Dr. Abdullahi Ali, Mp

MIN. NO. SCH 69/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY BARINGO, GARISSA, ELGEYO MARAKWET, & MANDERA COUNTY EXECUTIVES

a) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Baringo County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Garissa County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Elgeyo Marakwet County Executive with observations and recommendations as reflected in the report.
d) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Mandera County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 70/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 5.55pm until Sunday, 19th September, 2021 at 9.00am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 15TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SUNDAY, 19TH SEPTEMBER, 2021 AT 9:00 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1) Ms. Mary Chesire - Deputy Director, Committee Services
2) Ms. Emmy Chepkwony - Principal Clerk Assistant
3) Dr. Christine Sagini - First Clerk Assistant
4) Mr. Yusuf Shimoy - Clerk Assistant II
5) Ms. Caroline Njue - Clerk Assistant III
6) Ms. Sharon Rotino - Research Assistant

7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo	- Hansard Officer
11)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 71/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 9.05 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 72/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Mary Seneta, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Kakamega County Executive on the Utilization of Covid-19 Funds***
   b) ***Migori County Executive on the Utilization of Covid-19 Funds***
   c) ***Nairobi Metropolitan Services on the Utilization of Covid-19 Funds***
   d) ***Mombasa County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 73/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Thursday, 22nd April, 2021 at 9.00am with Nairobi Metropolitan Services were proposed by Sen. Fred Outa, MP, MP and Seconded by Sen. Dr. Abudlahi Ali, Mp
b) Minutes of the Meeting held on Wednesday, 9th June, 2021, with Nairobi Metropolitan Services were proposed by Sen. Millicent Omanga, MP and Seconded by Sen. Dr. Abudlahi Ali, MP

MIN. NO. SCH 74/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY KAKAMEGA, MIGORI, NAIROBI METROPLITAN SERVICES & MOMBASA COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Kakamega County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Migori County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Nairobi Metropolitan Services with observations and recommendations as reflected in the report.
d) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Mombasa County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 75/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

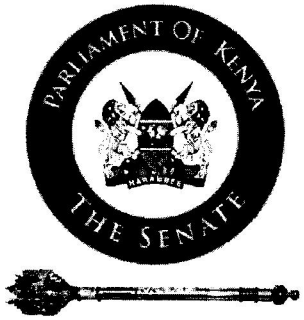
There being no other business, the meeting adjourned at 11.15am until 11.15pm in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION



MINUTES OF THE 16TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SUNDAY 19TH SEPTEMBER, 2021 AT 11:30 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1) Ms. Mary Chesire - Deputy Director, Committee Services
2) Ms. Emmy Chepkwony - Principal Clerk Assistant
3) Dr. Christine Sagini - First Clerk Assistant
4) Mr. Yusuf Shimoy - Clerk Assistant II
5) Ms. Caroline Njue - Clerk Assistant III
6) Ms. Sharon Rotino - Research Assistant
7) Ms. Sombe Toona -Legal Counsel
8) Ms. Fahriya Ibrahim -SAA
9) Ms. Concepta Owino - Hansard Officer

10) Mr. Fredrick Warimo ` - Hansard Officer
11) Mr. Robert Rop -Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 76/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 11.40 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 77/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Mary Seneta, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) Nyamira County Executive on the Utilization of Covid-19 Funds
   b) Meru County Executive on the Utilization of Covid-19 Funds
   c) Tharaka Nithi county Executive on the Utilization of Covid-19 Funds
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 78/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Wednesday, 26th May, 2021, with Nyamira County Executive were proposed by Sen. Dr. Abdulahi Ali, MP and Seconded by Sen. Fred Outa, MP.
b) Minutes of the Meeting held on Tuesday, 8th June, 2021, with Nyamira County Executive were proposed by Sen. Dr. Abdulahi Ali, MP and Seconded by Sen. Millicent Omanga, MP.

MIN. NO. SCH 79/09/2021 : CONSIDERATION AND ADOPTION OF THE OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY NYAMIRA, MERU & THARAKA NITHI COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Nyamira County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Meru County Executive with observations and recommendations as reflected in the report.
c) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Tharaka Nithi County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 90/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

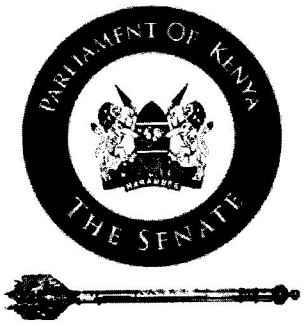
There being no other business, the meeting adjourned at 12.55pm until 2.30pm in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION



MINUTES OF THE 17TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON SUNDAY, 19TH SEPTEMBER, 2021 AT 2.30 P.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP** - **Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. Christine Sagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo	- Hansard Officer
11)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 91/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 2.40 p.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 92/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. (Dr.) Beth Mugo, MP** and seconded by **Sen. Beatrice Kwamboka, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. ***Consideration and adoption of the reports of the following counties –***
   a) ***Taita Taveta County Executive on the Utilization of Covid-19 Funds***
   b) ***Marsabit County Executive on the Utilization of Covid-19 Funds***
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 93/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the Meeting held on Thursday, 10th June, 2021, with Marsabit County Executive were read and confirmed as a true record of the sitting proceedings and signed by the Chairman. They were proposed by Sen. Beth Mugo, MP and Seconded by Sen. Dr. Abdullahi Ali, MP.

MIN. NO. SCH 94/09/2021: CONSIDERATION AND ADOPTION OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY TAITA/TAVETA & MARASABIT COUNTY EXECUTIVES.

a) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Taita/Taveta County Executive with observations and recommendations as reflected in the report.
b) The Committee considered and adopted the Special Audit Report on the utilization of Covid-19 Funds Marsabit County Executive with observations and recommendations as reflected in the report.

MIN. NO. SCH 95/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 6.03pm until Monday 20th September, 2021 at 9.00am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 18TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON MONDAY, 20TH SEPTEMBER, 2021, AT 9:00 A.M. ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) **Sen. (Dr.) Michael Mbito, MP - Chairperson**
2) Sen. Beth Mugo, EGH, MP
3) Sen. Beatrice Kwamboka, MP
4) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
5) Sen. Mary Seneta, MP
6) Sen. Millicent Omanga, MP
7) Sen. (Prof) Samson Ongeri, EGH, MP
8) Sen. Fred Outa, MP
9) Sen. Ledama Olekina, MP

SECRETARIAT

1)	Ms. Mary Chesire	- Deputy Director, Committee Services
2)	Ms. Emmy Chepkwony	- Principal Clerk Assistant
3)	Dr. ChristineSagini	- First Clerk Assistant
4)	Mr. Yusuf Shimoy	- Clerk Assistant II
5)	Ms. Caroline Njue	- Clerk Assistant III
6)	Ms. Sharon Rotino	- Research Assistant
7)	Ms. Sombe Toona	-Legal Counsel
8)	Ms. Fahriya Ibrahim	-SAA
9)	Ms. Concepta Owino	- Hansard Officer
10)	Mr. Fredrick Warimo `	- Hansard Officer
11)	Mr. Robert Rop	-Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer

2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 95/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 9.15 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 96/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Beth Mugo, EGH, MP** and seconded by **Sen. Millicent Omanga, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. Any other business.
4. Date of the Next Meeting.
5. Adjournment

MIN. NO. SCH 97/09/2021 : CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

Minutes of the following Sittings were confirmed as a true record of the proceedings and signed by the Chairman.

a) Minutes of the Meeting held on Thursday, 16/9/2021 at 11.00am were proposed by Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
b) Minutes of the Meeting held on Thursday, 16/9/2021 at 2.30pm were proposed by Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
c) Minutes of the Meeting held on Friday, 17/9/2021 at 9.00am were proposed by Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
d) Minutes of the Meeting held on Saturday, 18/9/2021 at 9.00am were proposed by Mary Seneta, MP and Seconded by Sen. Fred Outa, MP.
e) Minutes of the Meeting held on Saturday, 18/9/2021 at 11.30am were proposed by Mary Seneta, MP and Seconded by Sen. Beatrice Kwamboka, MP
f) Minutes of the Meeting held on Saturday, 18/9/2021 at 2.30pm were proposed by Mary Seneta, MP and Seconded by Sen. Beatrice Kwamboka, MP

MIN. NO. SCH 98/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 11.07am until 11.30am in the same venue.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....

TWELFTH PARLIAMENT |FOURTH SESSION

MINUTES OF THE 19TH SITTING OF THE SENATE STANDING COMMITTEE ON HEALTH, HELD ON MONDAY, 20TH SEPTEMBER, 2021, AT 11.30AM ON AN HYBRID PLATFORM (BOTH THE ZOOM ONLINE PLATFORM AND PHYSICAL MEETING IN WHITESANDS SAROVA HOTEL, MOMBASA COUNTY

PRESENT

1) Sen. (Dr.) Michael Mbito, MP - Chairperson
2) Sen. Mary Seneta, MP
3) Sen. Fred Outa, MP
4) Sen. (Prof) Samson Ongeri, EGH, MP
5) Sen. (Dr) Abdullahi Ali Ibrahim, CBS, MP
6) Sen. Beth Mugo, EGH, MP
7) Sen. Beatrice Kwamboka, MP
8) Sen. Millicent Omanga, MP
9) Sen. Fred Outa, MP (represented - NDD 3).
10) Sen. Ledama Olekina, MP

IN ATTENDANCE

SECRETARIAT

1) Ms. Mary Chesire - Deputy Director, Committee Services
2) Ms. Emmy Chepkwony - Principal Clerk Assistant
3) Dr. ChristineSagini - First Clerk Assistant
4) Mr. Yusuf Shimoy - Clerk Assistant II
5) Ms. Caroline Njue - Clerk Assistant III
6) Ms. Sharon Rotino - Research Assistant
7) Ms. Sombe Toona -Legal Counsel
8) Ms. Fahriya Ibrahim -SAA
9) Ms. Concepta Owino - Hansard Officer
10) Mr. Fredrick Warimo - Hansard Officer

11) Mr. Robert Rop -Audio Officer

AUDITOR GENERAL OFFICE

1. Mr. Dave Sumaili – Auditor, Liaison Officer
2. Mr. Mogere Koina – Auditor

MIN. NO. SCH 99/09/2021: PRELIMINARIES

The Chairperson called the meeting to order at 9.03 a.m and the meeting commenced with a word of prayer.

MIN. NO. SCH 100/09/2021: ADOPTION OF THE AGENDA

The Committee adopted the agenda of the sitting, as set out below, having been proposed by **Sen. Fred Outa, MP** and seconded by **Sen. Mary Seneta, MP**: -

1. Preliminaries
   a) Prayer
   b) Adoption of the Agenda
2. Confirmation of Minutes of the Previous Sittings
3. **Consideration and adoption of the reports of the Twenty-Eight (28) Counties**
4. Any other business.
5. Date of the Next Meeting.
6. Adjournment

MIN. NO. SCH 101/09/2021: CONFRIMATION OF MINUTES OF THE PREVIOUS SITTINGS

The Committee confirmed the minutes of the following sittings as a true reflection of the proceedings and were signed by the Chairman.

a) Minutes of the Meeting held on Sunday, 19/9/2021 at 9.00am were proposed by Sen. Mary Seneta, MP and Seconded by Sen. Beatrice Kwamboka, MP.
b) Minutes of the Meeting held on Sunday, 19/9/2021 at 11.30am were proposed by Sen. Fred Outa, MP and Seconded by Sen. Mary Seneta, MP
c) Minutes of the Meeting held on Sunday, 19/9/2021 at 2.30pm were proposed by Sen. Dr. Abdulahi Ali, MP and Seconded by Sen. Beatrice Kwamboka, MP
d) Minutes of the Meeting held on Monday, 20/9/2021 at 9.00am were proposed by Sen. Mary Seneta, MP and Seconded by Sen. Dr. Sen. Prof. Sam Ongeri, MP.
e) Minutes of the Meeting held on Monday, 20/9/2021 at 11.30am were proposed by Sen. Prof. Sam Ongeri, and Seconded by Sen. Mary Seneta, MP

MIN. NO. SCH 102/09/2021: ADOPTION OF THE SPECIAL AUDIT REPORT ON THE UTILIZATION OF COVID-19 FUNDS BY TWENTY-EIGHT (28) COUNTIES.

The Committee considered and adopted the Report of the Committee on the utilization of Covid-19 Funds by the following Twenty-Eight Counties –

1. Baringo County Executive
2. Bomet County Executive
3. Bungoma County Executive
4. Busia County Executive
5. Elgeyo Marakwet County Executive
6. Embu County Executive
7. Garissa County Executive
8. Kakamega County Executive
9. Kitui County Executive
10. Laikipia County Executive
11. Lamu County Executive
12. Machakos County Executive
13. Mandera County Executive
14. Marsabit County Executive
15. Meru County Executive
16. Migori County Executive
17. Mombasa County Executive
18. Nairobi County Executive
19. Nandi County Executive
20. Nyammira County Executive
21. Nyandarua County Executive
22. Nyeri County Executive
23. Samburu County Executive
24. Taita/Taveta County Executive
25. Tharaka Nithi County Executive
26. Trans-Nzoia County Executive
27. Turkana County Executive
28. Uasin Gishu County Executive

In adopting the report, the Committee considered and adopted the following General Observations and findings and recommendations in the report.

1. COMMITTEE OBSERVATIONS AND FINDINGS

The Committee observed and established that -

i. Lack of approved work plans, procurement plans, and training plans in place specific to COVID-19 activities this may have resulted to ineffective fiscal response to the Covid-19 risks that may result in Value for Money risks.
ii. Absence of approved Budgets for COVID-19 activities may have resulted to inefficient and ineffective utilization of Public Funds.
iii. Delay in utilization of the GOK Conditional grants exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID-19 Risks.
iv. Delay in utilization of DANIDA Funds exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID- 19 Risks.
v. Delay in utilization of the KDSP Funds exposing public funds to Value for Money Risks and increasing vulnerability of respective Counties to COVID-19 Risks.
vi. Underfunding of the Frontline Health Workers Allowances which may have exposed the counties to risks of Labour unrest among Frontline Health Workers.
vii. Inefficient Inventory Management Systems that led to comingling of donated and procured stock items which may have resulted to value for Money Risks and ineffective response to COVID-19 related risks.

viii. Failure to include estimate of Non-Cash Donations in the budget contrary to section 74 (4) of The Public Finance Management Act (County Government) Regulations, 2015. Which may have resulted to inaccurate Financial Reporting.

ix. There was reluctance by some Governors to appear before the Committee, forcing the Committee in at least some instances to issue summons to compel their appearance.

x. There was lack of proper framework to handle pandemics and the coordination mechanisms between counties and National Government was generally weak.

xi. Records management, payroll management systems and imprest management systems in most of the county governments are weak and needed strengthening.

xii. Procurement laws and Regulations were not being strictly adhered to by the Counties. There were cases of failure to adhere to the Public Financial Management Act, Public Procurement and Disposal Act, Public Audit Act and Government Financial Regulations and Procedures.

2. GENERAL COMMITTEE'S RECOMMENDATIONS

The Committee recommends that -

a) Future disbursement of COVID -19 funds, should in addition to the CRA Allocation criteria, be based on realistic Work Plans developed and approved by the respective County Governments so as to provide an efficient and effective framework for utilization of the funds to mitigate against value for money risks.

b) Appropriate sensitization be done for the County Public Finance Management Officers on Public Finance and Risk Management during crisis and health pandemics. This will improve the capacity of county human resource to respond to COVID-19 and other related risks in an efficient, effective, economical and ethical manner.

c) Appropriate consultations should be held between the levels of Governments to ensure accurate disbursement of the Frontline Health Workers Allowances to mitigate against labour unrest and fiscal risks in the County Governments. The County Government should also ensure they operate a single Integrated Payroll Management system to ensure efficiency in Payroll management.

d) The Public Finance Management capacity of Levels II and III Health facilities be strengthened so as to ensure efficient and effective planning, budgeting and utilization of funds especially during pandemics. This will strengthen County Government's responsiveness to COVID-19 and other pandemics.

e) The matter of inventory management of COVID-19 related items and including donations should be revisited in the subsequent audit cycle to ensure proper recording of donations valuation roll and reflection in the financial statements of the respective counties.

f) All County Governments should automate the Stock Management System and strengthen capacity of Officers managing inventory.

g) County Government should in addition to generating Financial Reports, generate Non – Financial Reports on key milestones achieved in regard to the activities relating to COVID-19 Pandemic. There should be an integrated financial and non- financial reporting for efficient and effective monitoring. To enhance accountability and public participation in Management of funds, such reports should be published for public scrutiny.

h) The Annual Financial Statements and Reports of the County Executive for the current financial year (2020/2021) should include a comprehensive section on non-financial information in regard to the activities relating to Covid-19 response.

i) The Committee observed that there was need to strengthen internal processes that may have experienced the reported deficiencies. The Management should continuously build the capacity of the County Public Finance Management Officers.

j) The Committee having observed that the Counties were in financial distress while responding to the effects of the COVID 19 pandemic and having noted the borrowing of monies from other government entities recommends that the County officers endeavor to operate within the law in service delivery even in times of pandemic. Further, the Office of the Auditor General reviews the query in its subsequent audit cycles to ensure refunds of the monies borrowed.

k) The Committee having established that delay in exchequer releases was a challenge that resulted to pending bills recommends that the matter of Pending Bills be kept in view in the subsequent audit cycle.

The report was unanimously adopted and signed by the Chairman after being proposed by Sen. Dr. Abdullahi Ali, MP and seconded by Sen. Prof. Sam Ongeri, MP.

MIN. NO. SCH 103/09/2021: ANY OTHER BUSINESS & ADJOURNMENT

There being no other business, the meeting adjourned at 1.40pm.

SIGNED: ....

SEN. (Dr.) MBITO MICHAEL MALINGA, MP, CHAIRPERSON

DATE: .....20/9/2021.....