



SPECIAL AUDIT REPORT

OF THE AUDITOR-GENERAL ON PAYROLL MANAGEMENT FOR

COUNTY EXECUTIVE OF HOMA BAY

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FOREWORD BY THE AUDITOR-GENERAL

I am pleased to present this Special Audit Report on Payroll Management for the Homabay County Executive for the financial years 2021/2022, 2022/2023 and 2023/2024. Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7(1)(a) of the Public Audit Act, 2015 requires the Auditor-General to give assurance on the effectiveness of internal controls, risk management and overall governance at national and county governments. The Special Audit on Payroll Management for the Homabay County Executive was conducted in line with this mandate.

The Special Audit evaluated the human resource and payroll processes at the Homabay County Executive, and assessed their compliance with the established legal framework on payroll management. The scope of the Special Audit covered the requirements of the Second Kenya Devolution Support Programme (KDSP II), whose objective is to strengthen county-level performance and accountability.

The Special Audit identified weaknesses in controls and irregularities in salary processing and payments, and provides recommendations to the Homabay County Executive for enhancing compliance, accuracy, accountability, and efficiency in payroll management.

The report is submitted to Parliament in accordance with Article 229 (7) of the Constitution of Kenya, 2010 and Section 39 (1) of the Public Audit Act, 2015. I have also remitted copies of the report to the Principal Secretary, State Department for Devolution, Chairperson, the Homabay County Public Service Board and the Governor, Homabay County Executive.

The Annexures contain personal data and will be handled in accordance with the data protection principles as provided for in the Data Protection Act, 2019.



FCPA Nancy Gathungu, CBS

AUDITOR-GENERAL

8 July, 2025

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ABBREVIATIONS

CBA	Collective Bargaining Agreement
COB	Controller of Budget
Cos	Chief Officers
CPSB	County Public Service Board
DO	Development Objective
DSA	Daily Subsistence Allowance
DLI	Disbursement-Linked Indicator
GoK	Government of Kenya
HR	Human Resource
HRIS-Ke	Human Resource Information System – Kenya
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll and Personnel Database
ISSAIs	International Standards of Supreme Audit Institutions
KDSP	Kenya Devolution Support Programme
KRA	Key Result Area
MIS	Management Information System
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
OAG	Office of the Auditor-General
PAYE	Pay As You Earn
PFM	Public Finance Management
PSC	Public Service Commission
SRC	Salaries and Remuneration Commission

1. EXECUTIVE SUMMARY

Introduction and Background

- 1.1 Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7 (1) (a) of the Public Audit Act, 2015 requires the Auditor-General to give an assurance on the effectiveness of internal controls, risk management and overall governance at national and county government. In addition, Section 34 of the Public Audit Act, 2015 mandates the Auditor-General to conduct periodic audits upon request or at the Auditor-General's own initiative, with a view to evaluating the effectiveness of risk management, control and governance processes in public entities. The Special Audit on Payroll Management for the Homabay County Executive referred to as the County Executive in this report was conducted in line with this mandate.
- 1.2 The Government of Kenya (GoK) received an International Development Association (IDA) Credit of EUR140.7 million (Approximately Kshs. 19,538,432,130 using the prevailing exchange rate as at 28 June 2024) from the World Bank, to implement the Second Kenya Devolution Support Program (KDSP II). KDSP II supports a sub-set of reforms envisaged under the Government's Devolution Sector Plan. The financing agreement, Credit Number IDA-7447-KE, became effective in March 2024 and is set to be implemented over a four-year period; 2023-2027. The development objective of the KDSP II is to strengthen county performance in the financing, management, coordination, and accountability for resources. To achieve the DO, the Program was expected to improve outcomes in the participating counties under three (3) Key Result Areas (KRAs). KRA 1 was on sustainable financing and expenditure management, KRA 2 on intergovernmental coordination, institutional performance, and human resource management, and KRA 3 on oversight, participation, and accountability.
- 1.3 The Special Audit on Payroll Management for the County Executive is linked to Key Result Area (KRA) 2. There are two (2) Disbursement-Linked Indicators (DLIs) under this KRA:

- i. Participating counties that have integrated their human resource records, authorized staff establishment and payroll, and uploaded cleaned payrolls in the human resource management information system;
 - ii. Participating counties that are enhancing accountability for results through an integrated performance management framework.
- 1.4 From 2013, the County Executive was using the Integrated Payroll and Personnel Database (IPPD) System to operate payroll for employees with personal numbers, while excel spreadsheets were used to operate payroll for employees without personal numbers. However, due to technological limitations at the time of its development, IPPD did not comprehensively address all human resource related functions. This led to development of a web-based Human Resource Information System-Kenya (HRIS-Ke) in 2024.
- 1.5 A parallel run of the IPPD System and HRIS-Ke was conducted across Ministries, Departments and Agencies and County Governments in November 2024. This was to ensure the readiness of the HRIS-Ke for roll out. Thereafter, in January 2025, the HRIS-ke was fully adopted for payroll management.

Audit Objectives

- 1.6 The objective of the Special Audit on Payroll Management was to assess the adequacy of controls and compliance across the entire payroll process, from budgeting and recruitment to salary processing and payment. The specific objectives were to:
 - i. Evaluate whether the preparation and execution of the payroll budget align with relevant laws and approved budgetary provisions;
 - ii. Assess whether the recruitment process complied with applicable legal, regulatory, and organizational frameworks governing employment;
 - iii. Assess the integrity of payroll data and identify any double entries, entries in multiple institutions, unverified employees, or inconsistencies across the County Government Payroll System;
 - iv. Determine the accuracy of payroll calculations and payments;
 - v. Evaluate adherence to tax laws, labour laws, and other statutory requirements; and

- vi. Assess whether payroll data was accurately and completely migrated from IPPD system to the Human Resource Information System – Kenya (HRIS-Ke).

Audit Scope and Limitations

- 1.7 The Special Audit of payroll management covered financial years 2021/2022, 2022/2023 and 2023/2024. It entailed review of the payroll management system and other related records maintained by the County Executive. The payroll systems included the Integrated Payroll and Personnel Database (IPPD), manual and casual payrolls.
- 1.8 The County Executive did not provide payment vouchers for both the IPPD System and Manual payroll for the 2021/2022 and 2022/2023. However, this limitation was mitigated by using data analysis to test the controls.

Methods of Gathering Evidence

- 1.9 The Special Audit on Payroll Management involved review of payroll processes at the County Headquarters, analysis of payroll data and comparison with records maintained by the County Executive.
- 1.10 The method used to gather audit evidence included, document review, data analytics, interviews with key payroll staff and physical verification of staff. Further, audit evidence was gathered through walk through tests. In addition, data validation was conducted to test data integrity.

Summary of Findings

The key audit findings are as detailed below: -

A. Payroll Budgeting

I. Compensation of Employee to Revenue Ratio Exceeded the set Threshold

- 1.11 The audit established that the ratio of the budgeted compensation of employees to the budgeted revenue for the County Executive exceeded thirty-five percent (35%) in the three (3) financial years. This is contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

- 1.12 Further, a comparison of the actual personal emolument expenditure, with the actual revenue, revealed that the County Executive also exceeded the thirty-five percent (35%) threshold in the three (3) years. This indicates a growing wage bill, which has strained the county's financial resources, limiting funds available for critical development projects and essential service delivery.

II. Budget Vote Heads in Payroll Systems were not Aligned with those in the Approved Budgets

- 1.13 The Special Audit established that the budget Vote Heads in the IPPD System and the HRIS-Ke were not aligned with those in the approved budgets. This led to inconsistencies between budgetary allocations and actual payroll expenditure, thereby increasing the risk of misallocation or even misuse of public funds, as expenditure may be charged under incorrect or obsolete Vote Heads.

B. Recruitment Process

I. Lack of Annual Recruitment Plans

- 1.14 During the period under audit review, the County Executive recruited five hundred and fifty-seven (557) employees. The Special Audit established that the departments that initiated the recruitments did not have annual recruitment plans to guide the recruitment process. Further, no evidence was provided to prove that budgetary availability was sought before initiating the recruitment process. The lack of annual recruitment plans and lack of confirmation of availability of budgets can result in either overstaffing, understaffing, or hiring staff for roles that do not align with organizational priorities.

II. Designations in the Payroll Systems not Aligned with the Approved Staff Establishment

- 1.15 The Special Audit established that there were designations in the approved staff establishment that were not configured in the IPPD System and the HRIS-Ke. To facilitate salary processing, the affected employees were placed in similar Job Groups in the IPPD System. This process can lead to inefficiencies in workforce planning and budget overruns.

C. Employee Data Management

I. Integrity of Date of Birth Record in the Payroll System

- 1.16 The Special Audit identified nine hundred and seventy-one (971) employees with inconsistent date of birth. Interview with sixty-six (66) employees and verification of their identification documents established that the dates captured in the IPPD System and the HRIS-Ke for fifty-eight (58) employees were different from those in employees' Birth Certificates. This is contrary to the directive outlined in Circular Ref. No: PSC/ADM/ 13(9).

II. Failure of Chief Officers to Account for Human Resources in their Departments

- 1.17 The Chief Officers (COs) were requested to provide a list of staff members in their respective departments as at 30 June, 2024.
- 1.18 A comparison of staff lists countersigned by various COs with the Staff Register from the IPPD System established that sixty-two (62) employees were in the IPPD System but were not in the lists provided by COs. The employees collectively received payments amounting to Kshs.7,319,247.

III. Authenticity of Staff in the Payroll

The Special Audit requested ninety-three (93) employees from the County Executive to present themselves for physical verification. However, forty (40) employees did present themselves. Out of the forty, six (6) had since exited the service. The remaining thirty-four (34) officers collectively received gross salary amounting to Kshs.12,773,086.

IV. Drawing Salary from Different Government Entities

- 1.19 The Special Audit established that during the financial year 2023/2024, seven (7) employees in the County Executive shared National Identification Number with employees in other government entities. The total amount paid to these employees by the County Executive was Kshs.942,496 while that paid by the other entity was Kshs.635,810.

D. Payroll Processing and Payments

I. Charging of Employee Costs to the Wrong Budget Vote

- 1.20 The Special Audit established that there were misalignments between departmental Vote Heads in both IPPD System and HRIS-Ke with those in the Integrated Financial Management System (IFMIS) Ledger Account. As a result, posting of salary in IFMIS was not done as per departmental Vote Heads. This process creates inconsistencies between budget allocations and actual expenditure by departments, therefore presenting the risk of misuse of funds and inaccurate financial reporting.

II. Promotions Not Supported by Documentation

- 1.21 The Special Audit established that there were fifteen (15) employees who changed job groups more than once within a financial year or skipped job groups within the period under review. Management did not provide evidence to justify the changing or skipping of job groups. In this regard, it was not possible to determine whether the changes in Job Groups were regular.

III. Circumventing Payroll Controls to Pay Irregular Salary Arrears

- 1.22 The Special Audit established that during the financial year 2021/2022, the County Executive paid basic salary, commuter allowance and rental house allowance totaling Kshs.4,320,038 to an employee as arrears. Management did not provide documents to support payment of the arrears.

IV. Irregular Stoppage of Overpayment Recovery

- 1.23 The Special Audit established that there was an employee who was overpaid salary in the year 2023/2024. However, the salary deduction was stopped without full recovery. The outstanding balance amounted to Kshs.88,460. Further, it was established that the same employee was migrated to HRIS-ke with no outstanding balance. However, arising from the Special Audit, the management resumed recovery of the outstanding debt with effect from March, 2025.

V. Irregular Payment of Allowances

- 1.24 The Special Audit established that nine (9) employees were irregularly paid Special salary amounting to Kshs.685,807 in the year 2023/2024. This was in addition to basic salary. Further, one (1) employee in the financial year 2021/2022 shown to

have been overpaid leave allowance by Kshs.14,370,000. This overpayment was not reflected in the employee's bank statement. However, management of the County Executive did not provide Payment Voucher, Salary Ledgers and an explanation on how the anomaly was handled.

E. Compliance with Laws and Regulations

I. Non-Compliance with Remittance of Statutory Deductions

- 1.25 The Special Audit established instances of delays in remittances of statutory deductions. The delays ranged from fifteen (15) to seventy-nine (79) days. Further, as at 30 June 2024 the deductions for the month of April, May and June of the financial year 2023/2024 had not been remitted.

II. Non-Compliance with Requirement on Ethnic Diversity

- 1.26 A review of human resource records as of 30 June, 2024, revealed 77% of the staff were from one dominant ethnic community contrary to the requirements of section 7(2) of the National Cohesion and Integration Act, 2008.
- 1.27 A review of human resource records as of 30 June, 2024, revealed 94% of the staff recruited in the financial year 2023/2024 were from one dominant ethnic community contrary to the requirements of Section 65(1)(e) of the County Governments Act, 2012.

F. Migration from Integrated Personnel and Payroll Database System (IPPD) to Human Resource Information System-Kenya (HRIS-Ke)

- 1.28 The County Executive adopted the Human Resource Information System (HRIS-Ke) with effect from December 2024. A comparison between data from the IPPD System for November 2024 and that from the HRIS-Ke data for December 2024 established overpayment of allowances totaling to Ksh.8,572,030 and underpayments totaling to Kshs.5,845,120.

Conclusion

- 1.29 The Special Audit of payrolls for the Homabay County Executive uncovered several audit issues in payroll and human resource management, which may negatively affect its financial sustainability, compliance, and operational efficiency. In view of the findings, the Special Audit concludes as follows:
- 1.30 The non-compliance with requirements on limiting the Employee Cost within thirty-five (35%) percent of Revenue indicates weaknesses in internal budgeting process and inadequate oversight role by the County Assembly. Therefore, the County's financial resources are strained, limiting the funds available for critical development projects and essential service delivery.
- 1.31 The departments in the County Executive did not have approved annual human resource recruitment plans. The absence of annual recruitment plans demonstrates ineffective workforce planning and deviation from established staffing structures. This practice can result in either overstaffing or hiring staff for roles that do not align with organizational priorities, which has an impact on the budget.
- 1.32 The Vote Heads in the IPPD System were not aligned with those in the approved budgets and those configured in the IFMIS Ledgers. The misalignment hinders effective management of departmental budgets and control, resulting to inaccurate financial reporting. Further, it undermines the obligations of the Accounting Officers to ensure lawful, efficient, and accountable use of public resources. In addition, it increases the risk of unauthorized or irregular salary payments.
- 1.33 The Special Audit identified weaknesses in the recruitment process, including lack of critical recruitment documents. These weaknesses undermine transparency, fairness, and compliance with established recruitment procedures. It may result in unqualified or ineligible individuals being employed.
- 1.34 The audit identified that the data maintained by the payroll system used by the County Executive had integrity issues. This was evidenced by inaccurate employees' dates of birth and inconsistent employees' records. This indicates weak payroll controls, including lack of data validation controls.

- 1.35 The County Executive did not comply with statutory deductions and ethnicity requirements as evidenced by delayed statutory remittances and non-compliance with the requirement on ethnic diversity. These increases the risk of penalties, litigation, and reputational damage, thereby undermining stakeholders' confidence.
- 1.36 The inconsistencies in the migration of payroll processing from the Integrated Personnel and Payroll Database (IPPD) to the Human Resource Information System-Kenya (HRIS-Ke), effected in December 2024, characterized by significant data integrity and system control weaknesses point to inadequate system testing, lack of reconciliation protocols, and poor change management during the migration process.
- 1.37 The migration from the IPPD System to the HRIS-Ke was inadequately managed, resulting in overpayments, underpayments, and irregular salary and allowance disbursements. This indicates weaknesses in data validation, lack of system configuration to enforce salary structures, and insufficient post-migration reconciliation controls, thereby exposing the County Executive to financial loss and reputational risk.
- 1.38 The unauthorized job group changes, and overpayment of salaries indicates weak financial and human resource controls, exposing payroll to fraud and abuse.
- 1.39 The identified audit issues had persisted over time, suggesting a failure of risk identification mechanisms and an underperforming internal audit function that may not have identified and prevented the control breaches in a timely manner.

Recommendations

- 1.1 In view of the findings and conclusion of the Special Audit, the following is recommended for implementation by the Homabay County Executive:
- 1.2 To ensure compliance with fiscal responsibility principle on capping expenditure on wages to thirty-five (35%) percent of the County Executive's total revenue, the County Assembly should ensure adherence to the thirty-five (35%) capping before the approval of the budgets.
- 1.3 To enhance the attainment of optimal staffing levels, management of the County Executive should align the payroll system with the approved staff establishment and ensure consistency between authorized positions and personnel data. Additionally, the staff establishment module in the HRIS-Ke should be fully implemented and configured to enforce recruitment strictly within the approved establishment limits.
- 1.4 To enhance transparency, fairness, and accountability in the recruitment and promotion process, the County Executive should develop and implement annual recruitment plans aligned with staffing needs and budgetary provisions. Additionally, recruitment and promotion processes should be strengthened to ensure transparency, including public advertisement of vacancies, consideration of only formally submitted applications, and securing budget approvals before initiating any recruitment activities.
- 1.5 To ensure the integrity of data maintained in the payroll systems, the management should ensure that the validation controls are implemented in the HRIS-Ke. Further, the HRIS-Ke should be integrated with Key government systems such as the National Identity, National Social Security Fund (NSSF), and Social Health Authority (SHA).
- 1.6 For effective management of departmental budgets and to enhance accuracy in financial reporting the Chief Officer for Public Finance together with the management of the State Department for Public Service and Human Capital Development should ensure that the Human Resource Information System – Kenya (HRIS-Ke) is at all time configured with the approved budget vote structures.

- 1.7 To enforce compliance with set labor laws and statutory deductions, the management of the County Executive should implement monitoring and reporting mechanisms to promptly detect and address compliance issues, alongside staff training on compliance obligations.

2. INTRODUCTION AND BACKGROUND

Introduction and Background

- 2.1 Article 229 of the Constitution of Kenya, 2010 mandates the Auditor-General to undertake financial, compliance and performance audits. Further, Section 7 (1) (a) of the Public Audit Act, 2015 requires the Auditor-General to give an assurance on the effectiveness of internal controls, risk management and overall governance at national and county governments. In addition, Section 34 of the Public Audit Act, 2015 mandates the Auditor-General to conduct periodic audits upon request or at the Auditor-General's own initiative, with a view to evaluating the effectiveness of risk management, control and governance processes in public entities. The Special Audit on Payroll Management for the Homabay County Executive, referred to as the County Executive in this report was conducted in line with this mandate.
- 2.2 The Government of Kenya (GoK) received an International Development Association (IDA) Credit of EUR140.7 million (Approximately Kshs. 19,538,432,130 using the prevailing exchange rate as at 28 June 2024 from the World Bank, to implement the Second Kenya Devolution Support Program (KDSP II). KDSP II supports a sub-set of reforms envisaged under the Government's Devolution Sector Plan. The financing agreement, Credit Number IDA-7447-KE, became effective in March 2024 and is set to be implemented over a four-year period; 2023-2027. The development objective of the KDSP II is to strengthen county performance in the financing, management, coordination, and accountability for resources. To achieve the DO, the Program was expected to improve outcomes in the participating counties under three (3) Key Result Areas (KRAs). KRA 1 was on sustainable financing and expenditure management, KRA 2 on intergovernmental coordination, institutional performance, and human resource management, and KRA 3 on oversight, participation, and accountability.
- 2.3 The Special Audit on Payroll Management for the County Executive is linked to Key Result Area (KRA) 2. There are two (2) Disbursement-Linked Indicators (DLIs) under this KRA:
- i. Participating counties that have integrated their human resource records, authorized staff establishment and payroll, and uploaded cleaned payrolls in the human resource management information system;

- ii. Participating counties that are enhancing accountability for results through an integrated performance management framework.
- 2.4 From 2013, the County Executive was using the Integrated Payroll and Personnel Database (IPPD) System to operate payroll for employees with personal numbers, while excel spreadsheets were used to operate payroll for employees without personal numbers. However, due to technological limitations at the time of its development, IPPD did not comprehensively address all human resource related functions. This led to development of a web-based Human Resource Information System-Kenya (HRIS-Ke) in 2024.
- 2.5 A parallel run of the IPPD System and HRIS-Ke was conducted across Ministries, Departments and Agencies and County Governments in November 2024. This was to ensure the readiness of the HRIS-Ke for roll out. Thereafter, in January 2025, the HRIS-ke was fully adopted for payroll management.

Number of Employees and Payroll Expenditure

- 2.6 Over the three (3) year period under review, there was a gradual increase in the number of employees and payroll costs.
- 2.7 The overall Employees percentage change across the audit period was **33%**. While the cumulative percentage change in employee costs over the same period was approximately **11%** as shown in **Figures 1 and 2**.

Figure 1: Cumulative Growth in Number of Employees Over the Three Years

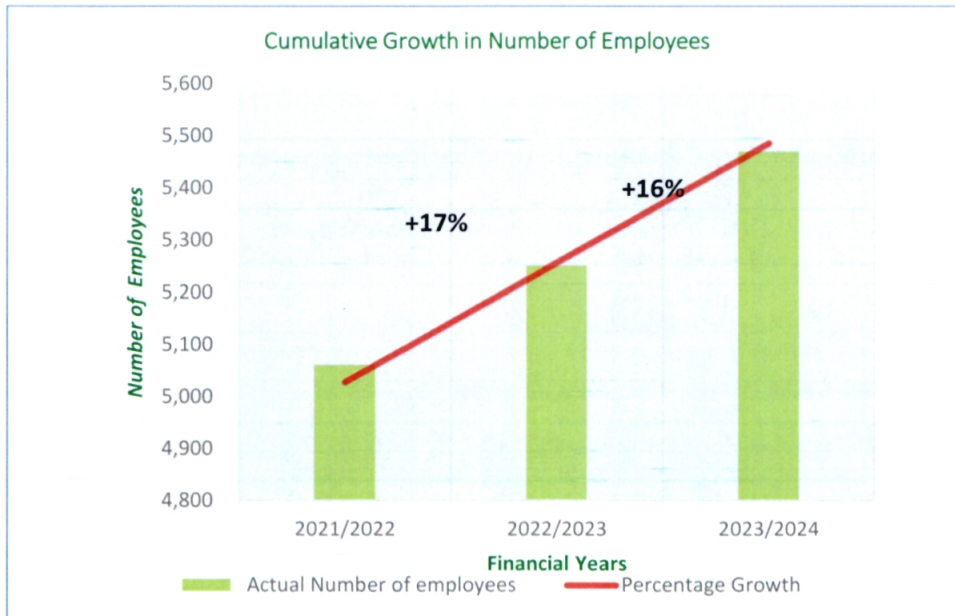
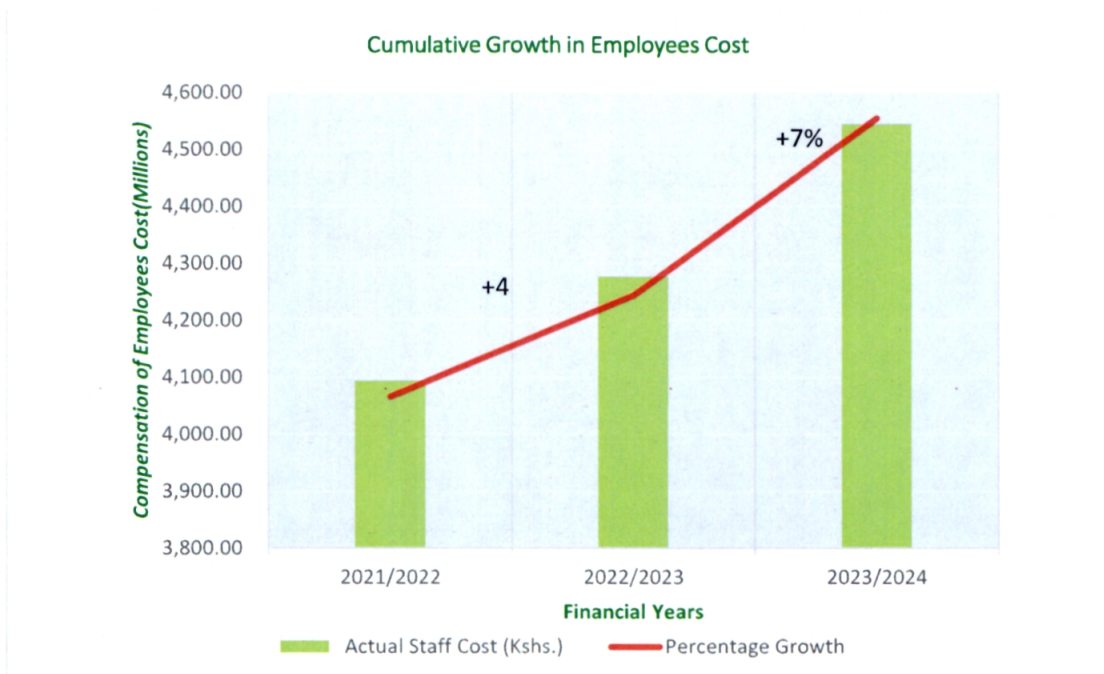


Figure 2: Cumulative Growth of Employee Cost over the Three Years



Audit Objectives

- 2.8 The objective of the Special Audit on Payroll Management was to assess the adequacy of controls and compliance across the entire payroll process from budgeting and recruitment to salary processing and payment. The specific objectives were to:
- i. Evaluate whether the preparation and execution of the payroll budget align with relevant laws and approved budgetary provisions;
 - ii. Assess whether the recruitment process complied with applicable legal, regulatory, and organizational frameworks governing employment;
 - iii. Assess the integrity of payroll data and identify any double entries, entries in multiple institutions, unverified employees, or inconsistencies across the County Government Payroll System;
 - iv. Determine the accuracy of payroll calculations and payments;
 - v. Evaluate adherence to tax laws, labour laws, and other statutory requirements; and
 - vi. Assess whether payroll data was accurately and completely migrated from IPPD system to Human Resource Information System – Kenya (HRIS-Ke).

Audit Scope and Limitations

- 2.9 The Special Audit of payroll management covered financial years 2021/2022, 2022/2023 and 2023/2024. It entailed review of the payroll management system and other related records maintained by the County Executive. The payroll systems included the Integrated Payroll and Personnel Database (IPPD), manual and casual payrolls. The audit was carried out in the month of January, 2025
- 2.10 The County Executive did not provide payment vouchers for the financial year 2021/2022 and 2022/2023. This limitation was mitigated by using data analysis to test the controls.

Audit Methodology

- 2.11 The Special Audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 4000 for Compliance Audit. These standards require that the audit is planned and performed so as to draw reasonable audit

conclusions on the design, implementation and operating effectiveness of internal controls.

Methods of Gathering Evidence

- 2.12 The Special Audit on Payroll Management involved review of payroll processes at the County Headquarters, analysis of payroll data and comparison with records maintained by the County Executive.
- 2.13 The methods used to gather audit evidence during the audit included, document review, data analytics, interviews with key payroll staff and physical verification of staff.

a) Document Review

- 2.14 The Audit Team reviewed various documents in order to set audit criteria and assess compliance with the criteria and in gathering audit evidence. They include:
- i. The Constitution of Kenya, 2010;
 - ii. The Public Finance Management Act, 2012;
 - iii. The Public Finance Management (County Governments) Regulations, 2015;
 - iv. County Governments Act, 2012;
 - v. Employment Act, 2007;
 - vi. National Security Fund Act, 2013;
 - vii. National Health Insurance Fund Act, 1998 (Now Repealed);
 - viii. The SRC Circular SRC/TS/29(81), dated 10 August 2023;
 - ix. The SRC Circular on the Compendium of Remuneration and Benefits for Public Service, dated December 2022;
 - x. The SRC Circular SRC/TS/MDP/3/1/2(2), dated 11 August 2015; Public Service Commission Human Resource Policies and Procedures Manual of May 2016;
 - xi. Employees' physical files;
 - xii. Collective Bargaining Agreements (CBA), 2013;
 - xiii. Affordable Housing Act, 2024;
 - xiv. The County Executive Financial Statements for financial years 2021/2022, 2022/2023 and 2023/2024;
 - xv. The County Executive Budgets financial years 2021/2022, 2022/2023 and 2023/2024; Approved Staff Establishments, 2018; and

xvi. Collective Bargaining Agreements (CBAs), 2013.

b) Data Analytics

2.15 The payroll and staff register data from the IPPD System was extracted and analyzed. The exceptions from the analysis formed the basis for verification with payroll records maintained by the County Executive. The following data sets for the financial years 2021/2022, 2022/2023 and 2023/2024 were analyzed: -

- i. IPPD Staff Registers and Payroll Data;
- ii. Payment Schedules;
- iii. Itemized Budgets for Staff Costs;
- iv. IFMIS Account Analysis Reports;
- v. Chief Officers staff list for each department as at 30 June 2024; and
- vi. HRIS -Ke Payroll Data for December 2024.

c) Interviews

2.16 The audit team interviewed relevant payroll officers from the County Executive and County Public Service Board (CPSB). This was in order to understand payroll processes and obtain clarification on audit issues. The officers interviewed are as listed in **Appendix 1**.

d) Physical Verification of Staff

2.17 The Audit Team requested all the Chief Officers to provide countersigned list of staff members in their departments as at 30 June 2024. The lists were compared with the IPPD staff registers maintained by the County Executive.

2.18 The Audit Team through the County Secretary, requested ninety-four (94) employees to present themselves for a physical verification. This was based on initial exceptions from data analytics. The verification was to confirm existence of staff, their employment status and the accuracy of the staff personal data maintained in the payroll systems.

Report Structure

2.19 The report is organized as follows:

- i. Executive Summary;
- ii. Introduction and Background;
- iii. Detailed Findings;
- iv. Conclusion;
- v. Recommendations; and
- vi. Appendices.

2.20 The report should be read in its entirety in order to fully comprehend the approach to the audit, findings, conclusions and the proposed recommendations.

3. DETAILED FINDINGS

3.1 The detailed findings are in the ensuing paragraphs and have been categorized into the following Six (6) broad areas:

- a. Payroll Budgeting;
- b. Recruitment Process;
- c. Employee Data Management;
- d. Payroll Processing and Payments;
- e. Compliance with Laws and Regulations; and
- f. Migration from Integrated Personnel and Payroll Database System to Human Resource Information System-Kenya.

A. Payroll Budgeting

3.2 The review of payroll budgeting aimed at assessing the reasonableness of payroll forecasts, alignment with the approved budgets and compliance with set laws. The following issues were established:

I. The Compensation of Employees to Revenue Ratio Exceeded the Set Threshold

3.3 Regulation 25(1)(a) of Public Finance Management (County Governments) Regulations, 2015 requires the County Executive Committee Member for Finance with the approval of the County Assembly to set a limit on the county government's expenditure on wages and benefits for its public officers. This is pursuant to Section 107(2) of the Public Finance Management Act, 2012. Further, Regulation 25(1)(b) requires the limit set not to exceed thirty-five (35%) percent of the county government's total revenue.

3.4 The Special Audit established that the ratio of the budgeted compensation of employee ratio exceeded thirty-five (35%) percent of the budgeted revenue in the three (3) financial years under review as demonstrated in **Table 1**. This is contrary to Regulation 25(1)(a) of Public Finance Management (County Governments) Regulations, 2015.

Table 1: Budgeted Compensation of Employee to Budgeted Revenue Ratio

Financial Year	Budgeted Revenue (Kshs)	Budget Compensation of Employee (Kshs)	% Of Utilizations
2021-2022	8,797,608,185	4,081,863,584	46%
2022-2023	9,254,381,967	4,086,989,572	44%
2023-2024	11,167,226,300	5,163,371,840	46%

*Source: Approved Budget

- 3.5 Further, a comparison of the actual Compensation of Employee with the actual revenue as reflected in the financial statements revealed that the County Executive had exceeded the thirty-five (35%) percent threshold in the three (3) financial years as shown in **Table 2**.

Table 2: Actual Compensation of Employee to Actual Revenue Ratio

Financial Year	Actual Revenue (Kshs)	Expenditure Staff Emolument (Kshs)	Revenue/ Compensation of Employee (%) Ratio
2021/2022	7,713,736,478.00	4,093,825,542.00	53%
2022/2023	8,294,677,144.00	4,276,764,163.00	52%
2023/2024	7,967,540,682.00	4,205,707,306.00	53%

*Source: Audited Financial Statements

- 3.6 The increase in the percentage ratio of compensation of employee to total revenue indicates a growing wage bill, which may be unsustainable in the long term. Further, the high budget allocation for compensation of employee may strain the County's financial resources, thereby limiting funds available for critical development projects and essential service delivery.

II. Budget Votes in Payroll Systems not Aligned with those in the Approved Budget

- 3.7 Regulation 22(1)(b) of Public Finance Management (County Governments) Regulations, 2015 requires an Accounting Officer to maintain effective systems of internal control and have measures to ensure their effectiveness.
- 3.8 A comparison of payroll reports extracted from the IPPD System with the approved budget established that the Vote Heads in the IPPD System were not aligned with those in the approved budgets as shown in **Annexure 1**.
- 3.9 One of the primary factors contributing to the misalignment between the departments and the Vote Heads was the failure to update the IPPD System to reflect changes resulting from the restructuring and consolidation of various sectors within the County Executive.
- 3.10 The County Executive migrated the processing of payrolls from the IPPD System to HRIS-Ke in December 2024. This was done before the alignment was done. As a result, the HRIS-Ke had similar designations to those in the IPPD System
- 3.11 The continued referencing to outdated departmental structures leads to inconsistencies between budgetary allocations and actual payroll expenditures, increasing the risk of misallocation or even misuse of public funds, as expenditure may be charged under incorrect or obsolete vote heads.

B. Recruitment Process

- 3.12 The recruitment process was evaluated to establish whether the hiring practices were fair and aligned with the County Executive's policies and legal requirements. The following issues were revealed:

I. Lack of Annual Recruitment Plans

- 3.13 Section 59(1)(g) of the County Governments Act, 2012 require the County Public Service Board of a county to facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments in counties. Further, Regulation 119(2) of the Public Finance Management (County Governments) Regulations, 2015 requires the budgetary allocation for personnel costs to be determined on the basis of a detailed costing of a human capital plan

of a county government entity as approved by the responsible county department for public service management matters, the County Public Service Board and County Treasury.

- 3.14 The County Executive recruited four hundred and twenty-three (423), one hundred and seventeen (117), and seventeen (17) employees during the financial years 2021/2022, 2022/2023 and 2023/2024 respectively as detailed in **Annexure 2**. The audit established that the recruiting departments did not have annual recruitment plans to guide the recruitments. Further, no evidence was provided to prove that budgetary availability was sought before the recruitments were made.
- 3.15 The lack of annual recruitment plans supported by budgetary evidence can result in either over employment, under employment, or hiring for roles that do not align with county's priorities.

II. Designations in the Payroll Systems not Aligned with Approved Employees Establishment

- 3.16 Regulation 22(1)(b) of Public Finance Management (County Governments) Regulations, 2015 requires an Accounting Officer to maintain effective systems of internal control and have measures to ensure their effectiveness.
- 3.17 The Special Audit established that four hundred and ninety-two (492) designations were configured in the IPPD System. However, out of the configured designations, fourteen (14) were not in the approved staff establishment. There were thirty-six (36), employees who were grouped in the fourteen (14) designations as detailed in **Annexure 3**. Further, only five (5) of the fourteen (14) designations were included in the HRIS-ke.
- 3.18 The County Executive migrated the processing of payrolls from the IPPD System to HRIS-Ke in December 2024. This was done before the alignment was done. As a result, the HRIS-Ke had similar designations to those in the IPPD System.
- 3.19 As a result of the misalignment between the staffing records in the payroll system and the approved Employees establishment, it was not possible to establish whether the County filled positions in accordance with the approved Employees establishment. This may lead to inefficiencies in workforce planning, budget overruns.

C. Employee Data Management

- 3.20 Review of employees' data management involved assessing the accuracy and completeness of both manually maintained records and data from the IPPD System. The following issues were established:

I. Integrity of Dates of Birth Records in the Payroll Systems

- 3.21 Regulation 22(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 requires an accounting officer to be accountable to the County Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective. Further, Circular Ref. No: PSC/ ADM/ 13(9) dated 19 November 2020 from Public Service Commission to all authorized officers stipulates that the date of birth as per the Birth Certificate should be considered as a public officer's official date of birth.
- 3.22 The Special Audit identified nine hundred and seventy-one (971) employees in the IPPD System with inconsistent dates of birth.
- 3.23 Interview with a sample of sixty-six (66) employees and verification of their identification documents established that the dates captured in the IPPD System for fifty-eight (58) employees were different from those in employees' Birth Certificates as detailed in **Annexure 4**. This is contrary to the directive outlined in Circular Ref. No: PSC/ ADM/ 13(9).
- 3.24 The County Executive migrated the processing of payrolls from the IPPD System to HRIS-Ke in December 2024. This was done before data cleaning to improve its quality and reliability. As a result, at the time of audit, the HRIS-Ke had similar date of birth to those in the IPPD System.
- 3.25 The inaccurate capture of dates of birth increases the risk of employees retiring before or after the legal retirement age, leading to potential miscalculation of pension dues and other age-based entitlements.

II. Failure of Chief Officers to Account for Human Resources in their Departments

- 3.26 Section 148(1) of Public Finance Management Act, 2012 requires a County Executive Committee Member for Finance to, except as otherwise provided by law, in writing designate accounting officers to be responsible for managing the finances of the county government entities as specified in the designation. Further, Sub-Section (2) requires the person responsible for the administration of a county government entity to be the accounting officer responsible for managing the finances of that entity except as otherwise stated in other legislation.
- 3.27 The Letter of Engagement addressed to the County Secretary for the in-depth audit of payroll, dated 3 January, 2025, Ref: OAG/SAS/SADS/KDSP-PAYROLL/3/043 required Chief Offices (COs) to provide list of Employees in their department as at 30 June, 2024. This list was to be compared with employees in the payroll systems.
- 3.28 A comparison of staff lists countersigned by various COs with the Staff Register from the IPPD System established sixty-two (62) employees were in the IPPD System but not in the lists provided by COs. These employees collectively received payments amounting to Kshs.7,319,247 as detailed in **Annexure 5**.

III. Authenticity of Staff in the Payroll

- 3.29 The Office of the Auditor-General requested for a physical verification of sampled employees via letter Ref. OAG/SA/SADS/KDSP-PAYROLL/4/043 dated 13 January, 2025, addressed to the County Secretary, the Homabay County Government.
- 3.30 The letter requested that ninety-three (93) employees present themselves for physical verification. However, forty (40) employees did not present themselves. Out of the forty-one, six (6) had since exited the service. The remaining thirty-four (34) officers collectively received gross salary amounting to Kshs.12,773,086 as detailed in **Annexure 6**.

IV. Drawing Salary from Different Government Entities

- 3.31 Section 149(1) of the Public Finance Management Act, 2012 imposes on an accounting officer of a county government entity the responsibility of ensuring that the resources of the entity for which the officer is designated are used in a way that

is (a) lawful and authorized, and (b) effective, efficient, economical and transparent.

3.32 The Special Audit established that during the financial year 2023/2024, seven (7) employees in the County Executive shared National Identification Number with employees in other government entities. The total amount paid to these employees by the County Executive was Kshs.942,496 while that paid by the other entity was Kshs.635,810. Refer to **Annexure 7**.

3.33 Interview with three (3) of the seven (7) employees confirmed that the employees were engaged in the two (2) government entities. The four (4) employees who did not present themselves for physical verification had exited the service.

3.34 Arising from the Special Audit, the County Executive started recovering the overpayment with effect from April 2025.

D. Payroll Processing and Payments

3.35 Assessment was carried out on controls in payroll processing and payments to determine whether employee salaries and deductions were accurately calculated, authorized, and compliant with the applicable laws and policies. The following issues were established:

I. Charging of Employee Costs to the Wrong Budget Votes

3.36 Regulation 22(1)(b) of Public Finance Management (County Governments) Regulations, 2015 requires an Accounting Officer to maintain effective systems of internal control and have measures to ensure their effectiveness.

3.37 The Audit established that there was a misalignment between departmental Vote Heads in the IPPD System and those in the Integrated Financial Management Information System (IFMIS) Ledger Accounts. As a result, a comparison of the gross salary processed through the IPPD System, casual payrolls and manual payrolls with salary ledgers from the IFMIS established the Vote Head configured in the IPPD System were different from that in the IFMIS as shown in **Annexure 8**.

3.38 The County Executive migrated the processing of payrolls from the IPPD System to HRIS-Ke in December 2024. This was done before the alignment was done. As a result, at the time of audit, the HRIS-Ke had similar date of birth to those in the IPPD System.

- 3.39 This misalignment led to inconsistencies between budget allocations and actual expenditures by departmental, therefore increasing the risk of misuse of funds and inaccurate financial reporting.

II. Promotions Not Supported by Documentation

- 3.40 Section 65(1) of the County Governments Act, 2012 set out factors County Public Service Board should consider in selecting candidates for appointment. Further Section 65(2) specifies merit as one of the overriding factors in determining whether appointment, promotion or re-designation are undertaken in a fair and transparent manner.
- 3.41 The Special Audit established that fifteen (15) employees changed job groups more than once within a financial year or skipped job groups within the period under review as detailed in **Annexure 9**. The Management did not provide evidence to justify the changing or skipping of job groups. In this regard, it was not possible to determine whether the changes in Job Groups were regular.

III. Circumventing Payroll Controls to Pay Irregular Salary Arrears

- 3.42 Article 201 of the Constitution of Kenya, 2010 on principles of public finance require accountability in financial matters, responsible financial management and use of public money in a prudent and responsible way.
- 3.43 Section 149(1) of the Public Finance Management Act, 2012 imposes on an accounting officer of a county government entity the responsibility of ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, and effective, efficient, economical and transparent. Further, Regulation 120(3) of the Public Finance Management (County Governments) Regulations, 2015 requires the accounting officer to certify the correctness of the payroll at least once every month.
- 3.44 During the financial year 2021/2022, the County Executive paid basic salary, commuter allowance and rental house allowance totaling Ksh.4,320,038 to an employee as arrears. The arrears were paid four (4) times within the financial year as detailed in **Annexure 10**. The management did not provide documents to support payment of the arrears.

IV. Irregular Stoppage of Overpayment Recovery

- 3.45 Section 149(1) of the Public Finance Management Act, 2012 imposes on an accounting officer of a county government entity the responsibility of ensuring that the resources of the entity for which the officer is designated are used in a way that is (a) lawful and authorized, and (b) effective, efficient, economical and transparent.
- 3.46 The Special Audit established that there was an employee who was overpaid salary in the year 2023/2024. However, the salary deduction was stopped without full recovery. The outstanding balance amounted to Kshs.88,460 as detailed in **Annexure 11**. This indicates weaknesses in adherence to payroll recovery processes.
- 3.47 Further, it was established that the same employee was migrated to HRIS-Ke with no outstanding balance. Arising from the Special Audit, the management resumed recovery of the outstanding debt with effect from March, 2025.

V. Irregular Payment of Leave Allowance

- 3.48 Paragraph 43 of Collective Bargaining Agreement (CBA) between Association of Local Government Employers and Kenya Local Government Workers Union, National Joint Negotiating Council dated 2013 spells out payment of Honoraria allowance to employees from defunct local authority. The CBA required payment of the Honoraria Allowance to be paid for extraneous service on exceptional circumstances in respect to duties in addition to and absolutely distinct from those contemplated in a particular officers' substantive appointment. However, it was established that the CBA expired in 2014.
- 3.49 Analysis of leave allowance processed through the IPPD System revealed that in the financial year 2021/2022, one (1) employee was shown to have been overpaid leave allowance amounting to Kshs.14,370,000. As detailed in Annexure 12. However, the overpayment was not reflected in the employee's bank statement. The management of the County Executive did not provide Payment Voucher, Salary Ledgers and an explanation on how the anomaly was handled.

VI. Irregular Payment of Special salary

- 3.50 The SRC circular SRC/TS/29(81), dated 10 August, 2023 on Remuneration and Benefits for Public Officers in the County Government Executive for The Third Remuneration Review Cycle 2021-2022 - 2023-2025 (7), lists all the earnings county executive officers are entitled to.
- 3.51 The Special Audit established that nine (9) employees were irregularly paid Special salary in addition to basic salary in the year 2023/2024. The total amount irregularly paid was Kshs.685,807. Refer to **Annexure 13**.

E. Compliance with Laws and Regulations

- 3.52 An assessment of the County Executive's adherence to laws on statutory deductions and labour laws was conducted and the following issues were established:

I. Non-Compliance to Remittance of Statutory Deductions

- 3.53 Rule 10(1) of Income Tax (P.A.Y.E) Rules requires that before the tenth day following the end of every month or before any other day which may be notified to him by the Commissioner, an employer shall pay all amounts of tax which the employer has deducted during such month.
- 3.54 Section 5(1) of Affordable Housing Act, 2023 require an employer to deduct and remit Housing Levy and also remit an amount equivalent to the deducted amount to the collector. Section 4(3) requires the amounts to be remitted not later than the ninth working day after the end of the month in which the gross salary was due or gross income was received or accrued.
- 3.55 Section 20(1A) of the National Social Security Fund Act (2013) requires, an employer is required to pay the contribution under subsection (1) on the ninth day of each month.
- 3.56 Section 15(4) of the National Health Insurance Fund Act (now repealed) required deductions for NHIF to be remitted by the ninth day of each month.
- 3.57 The Special Audit established that the statutory deduction was not remitted on time. The delays in remittance of statutory deductions ranged from fifteen (15) to seventy-nine (79) days. Further, as at 30 June, 2024 the deductions for the month

of April, May and June 2023/2024 had not been remitted as detailed in **Annexure 14**.

- 3.58 The failure to remit statutory deductions on time exposes the County Executive to penalties, interest and reputational risks, thereby undermining stakeholders' confidence.

II. Non-Compliance with Requirement on Ethnic Diversity

- 3.59 Section 7(1) of National Cohesion and Integration Act, 2008, states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of employees. Section 7(2) states that no public establishment shall have more than one third of its Employees from the same ethnic community.
- 3.60 Section 65(1)(e) of County government act no 17 of 2012, Directs the County Public Service Board to ensure that at least 30% of vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.
- 3.61 Analysis of data maintained in the IPPD System as at 30 June, 2024 established that seventy-seven (77%) percent of the employees were from one dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 as detailed in **Annexure 15**. Further in the year 2023/2024, there were 77 new staff introduced in the IPPD System, out of which 94% were from the same dominant community as detailed in **Annexure 16**, contrary to Section 65(1)(e) of the County Governments Act, 2012.
- 3.62 The non-compliance to ethnic diversity is a violation of legal requirements and may lead to legal suits.

F. Migration from Integrated Personnel and Payroll Database System (IPPD) to Human Resource Information System-Kenya (HRIS.Ke)

3.63 The migration of salary processing from the IPPD System to the HRIS-Ke was reviewed to establish the completeness, accuracy, and integrity of the data transferred.

I. Overpayment and Underpayment of Salary and Allowances

3.64 Section 149(2)(a) of the Public Finance Management Act, 2012 requires the accounting officer of a county government to ensure that all expenditure made by the entity complies with requirements on lawful, authorized, and transparent use of resources of the entity.

3.65 The County Executive adopted the Human Resource Information System (HRIS-Ke) with effect from December 2024. A comparison between data from the IPPD System for the month of November, 2024 and that from HRIS-Ke for the month of December 2024 established instances of overpayment and underpayments of salaries and allowances as shown in **Table 4** and detailed in **Annexure 17, 18 and 19**.

Table 3: Underpayment/Overpayment of Earnings

Earnings	Total Amount Underpaid		Total Amount Overpaid	
	No. of Employees	Amount (Kshs.)	No. of Employees	Amount (Kshs.)
Basic Salary	909	1,202,299	272	3,422,470
House Allowance	999	1,413,144	359	5,149,560
Commuter Allowance	900	3,229,677	0	0
Total		5,845,120		8,572,030

*Source: HRIS Ke Data

3.66 Further, seventy-nine (79) employees were legible for extraneous health allowance but were not paid in December 2024. while four (4) employees did not earn any salary as detailed in **Annexure 20 and 21**.

3.67 This may result to loss of funds arising from irregular or overpayment of salary and allowances. Further, the morale of the underpaid employees may be negatively affected resulting to reduced productivity.

4. CONCLUSION

- 2.21 The Special Audit of payrolls for the Homabay County Executive uncovered several audit issues in payroll and human resource management, which may negatively affect its financial sustainability, compliance, and operational efficiency. In view of the findings, the Special Audit concludes as follows:
- 2.22 The non-compliance with requirements on limiting the Employee Cost within thirty-five (35%) percent of Revenue indicates weaknesses in internal budgeting process and inadequate oversight role by the County Assembly. Therefore, the County's financial resources are strained, limiting the funds available for critical development projects and essential service delivery.
- 2.23 The departments in the County Executive did not have approved annual human resource recruitment plans. The absence of annual recruitment plans demonstrates ineffective workforce planning and deviation from established staffing structures. This practice can result in either overstaffing or hiring staff for roles that do not align with organizational priorities, which has an impact on the budget.
- 2.24 The Vote Heads in the IPPD System were not aligned with those in the approved budgets and those configured in the IFMIS Ledgers. The misalignment hinders effective management of departmental budgets and control, resulting to inaccurate financial reporting. Further, it undermines the obligations of the Accounting Officers to ensure lawful, efficient, and accountable use of public resources. In addition, it increases the risk of unauthorized or irregular salary payments.
- 2.25 The Special Audit identified weaknesses in the recruitment and promotion process, including lack of critical recruitment documents. These weaknesses undermine transparency, fairness, and compliance with established recruitment procedures. It may result in unqualified or ineligible individuals being employed.
- 2.26 The audit identified that the data maintained by the payroll system used by the County Executive had integrity issues. This was evidenced by inaccurate employees' dates of birth and inconsistent employees' records. This indicates weak payroll controls, including lack of data validation controls. The County Executive did not comply with statutory deductions and ethnicity requirements as

evidenced by delayed statutory remittances and non-compliance with the requirement on ethnic diversity. These increases the risk of penalties, litigation, and reputational damage, thereby undermining stakeholders' confidence.

- 2.27 The inconsistencies in the migration of payroll processing from the Integrated Personnel and Payroll Database (IPPD) to the Human Resource Information System-Kenya (HRIS-Ke), effected in December 2024, characterized by significant data integrity and system control weaknesses point to inadequate system testing, lack of reconciliation protocols, and poor change management during the migration process.
- 2.28 The migration from the IPPD System to the HRIS-Ke was inadequately managed, resulting in overpayments, underpayments, and irregular salary and allowance disbursements. This indicates weaknesses in data validation, lack of system configuration to enforce salary structures, and insufficient post-migration reconciliation controls, thereby exposing the County Executive to financial loss and reputational risk.
- 2.29 The identified audit issues had persisted over time, suggesting a failure of risk identification mechanisms and an underperforming internal audit function that may not have identified and prevented the control breaches in a timely manner.

5. RECOMMENDATIONS

- 2.30 In view of the findings and conclusion of the Special Audit, the following is recommended for implementation by the Homabay County Executive
- 2.31 To ensure compliance with fiscal responsibility principle on capping expenditure on wages to thirty-five (35%) percent of the County Executive's total revenue, the County Assembly should ensure adherence to the thirty-five (35%) capping before the approval of the budgets.
- 2.32 To enhance the attainment of optimal staffing levels, management of the County Executive should align the payroll system with the approved staff establishment and ensure consistency between authorized positions and personnel data. Additionally, the staff establishment module in the HRIS-Ke should be fully implemented and configured to enforce recruitment strictly within the approved establishment limits.
- 2.33 To enhance transparency, fairness, and accountability in the recruitment and promotion process, the County Executive should develop and implement annual recruitment plans aligned with staffing needs and budgetary provisions. Additionally, recruitment and promotion processes should be strengthened to ensure transparency, including public advertisement of vacancies, consideration of only formally submitted applications, and securing budget approvals before initiating any recruitment activities.
- 2.34 To ensure the integrity of data maintained in the payroll systems, the management should ensure that the validation controls are implemented in the HRIS-Ke. Further, the HRIS-Ke should be integrated with Key government systems such as the National Identity, National Social Security Fund (NSSF), and Social Health Authority (SHA).
- 2.35 For effective management of departmental budgets and to enhance accuracy in financial reporting the Chief Officer for Public Finance together with the management of the State Department for Public Service and Human Capital Development should ensure that the Human Resource Information System – Kenya (HRIS-Ke) is at all time configured with the approved budget vote structures.

2.36 To enforce compliance with set labor laws and statutory deductions, the management of the County Executive should implement monitoring and reporting mechanisms to promptly detect and address compliance issues, alongside staff training on compliance obligations.

6. APPENDICES

Appendix 1: List of Employees Interviewed

No.	Designation	Department
1	CEO CPSB	CSPB
2	Ag Director HR	Human Resource
3	Payroll Manager	Payroll
4	Payroll Accountants	Finance and environment
5	IFMIS Accountant	Finance and accounting
6	Director Environment	Environment
7	Head of Accounts	Finance and accounting

Appendix 2: List of Annexure

The **Annexures** referenced in the report and which are listed below will be provided in soft copies:


No.	Annexure	Description
1	Annexure 1	Budget votes in Comparison to payroll votes
2	Annexure 2	Lack of annual recruitment plan
3	Annexure 3	Designations in the Human Resource Information System - Kenya not Aligned with Approved Employees Establishment
4	Annexure 4	Employees with Different Birth Dates in IPPD and Birth Certificate.
5	Annexure 5	Employees in Co's list but not in the Official Employee list
	Annexure 6	Employee who did not attend physical verification
6	Annexure 7	Employees in the county sharing National Identification Number with employees in other government entities
7	Annexure 8	Mismatch between Charging of Employee Cost in IPPD and salary Ledgers in 2023-2024
8	Annexure 9	Irregular Promotions and Appointments
9	Annexure 10	Employee who was paid Unsupported arrears
10	Annexure 11	Overpayment Recoveries
11	Annexure 12	Irregular payment of leave allowance (Defunct local authorities)
13	Annexure 13	ECDE teachers who were paid Special salary in addition to Basic Salary
14	Annexure 14	Delay in remittance of statutory deductions
15	Annexure 15	Non-Compliance with Requirement on Ethnic Diversity
16	Annexure 16	Noncompliance with Ethnicity Diversity on New Employees
17	Annexure 17	Employees Who were underpaid/overpaid Basic Salaries
18	Annexure 18	Employees Who were Underpaid of House Allowance
19	Annexure 19	Employees Who were Underpaid of Commuter Allowance


20	Annexure 20	Employees Who were not paid extraneous health allowance
21	Annexure 21	Employees Who Salaries were not paid salaries


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