

Approved

28/11/18

SNA

REPUBLIC OF KENYA



TWELFTH PARLIAMENT - SECOND SESSION

THE NATIONAL ASSEMBLY

NOTICE OF MOTION – (CHAIRPERSON, SPECIAL FUNDS ACCOUNTS COMMITTEE)

Hon. Speaker, I beg to give notice of the following motion:

THAT, this House adopts the Third Report of the Special Funds Accounts Committee on Audited Financial Statements for the National Government Constituencies Development Fund for Constituencies in Kisumu County for the Financial Years 2013/14, 2014/15 and 2015/16, laid on the Table of the House on *Wednesday, November 28, 2018.*

The Hon. Geoffrey Omuse, MP
Member, Special Funds Accounts Committee

Date: 28-11-2018

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 28 NOV 2018	
DAY: Wednesday (Pm)	
TABLED BY:	Hon. Geoffrey Omuse, M.P. Member-Special Funds Accounts Committee
CLERK-AT THE-TABLE:	Rachael Kariu Principal Clerk Assistant 1

**MINUTES OF THE 77TH SITTING OF THE SPECIAL FUNDS ACCOUNTS
COMMITTEE HELD ON TUESDAY, 29TH NOVEMBER, 2018 COMMITTEE ROOM
12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.**

PRESENT

1. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson Chairing
2. Hon. Erastus Kivasu Nzioka, M.P.
3. Hon. Justus Kizito Mugali, M.P.
4. Hon. Geoffrey Omuse, M.P.
5. Hon. Rehema Jaldesa, M.P.
6. Hon. Dennitah Ghati, M.P.
7. Hon. Marwa Kitayama Maisori, M.P.
8. Hon. Shakeel Shabbir Ahmed, M.P.
9. Hon. James Kamau Wamacukuru, M.P.
10. Hon. Mwambu Mabongah, M.P.
11. Hon. Esther Passaris, M.P.
12. Hon. Jared Okelo, M.P.

APOLOGIES

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. Alfred Agoi Masadia, M.P.
3. Hon. Abdi Koropu Tepo, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. Mohamed Ali, M.P.
6. Hon. Mohamed Ali Lokiru, M.P.
7. Hon. Mark Lomunokol, M.P.

COMMITTEE SECRETARIAT

1. Ms. Lucy Kimathi - Principal Clerk Assistant II
2. Ms. Deborah Mupusi - Media Relations Officer
3. Ms. Claire Kidombo - Research & Policy Analyst
4. Mr. Ian Otieno - Audio Officer

MIN.NO./NA./SFAC/2018/355 - PRELIMINARIES

The Chairperson called the meeting to order at 10.15 a.m with a word of prayer from Hon. Esther Passaris, M.P.

The Agenda was adopted as proposed by Hon. Erastus Kivasu Nzioka, M.P. and seconded by Hon. Mwambu Mabongah, MP.

1. Prayers
2. Preliminaries
3. Confirmation of Minutes

4. Matters Arising
5. Review and Adoption of the fourth report of the Special Funds Accounts Committee on Audited Financial Statements for Kenya Roads Board Fund for the financial year ended June, 2017
6. Any Other Business
7. Adjournment/Date of the Next Sitting

MIN.NO./NA./SFAC/2018/356 - CONFIRMATION OF MINUTES

The Minutes of the 76th Sitting held on 27th November, 2018 were confirmed as true record of the proceedings of that sitting on a proposal by Hon. Mwambu Mabongah, M.P, seconded by Hon. Geoffrey Omuse, MP.

MIN.NO./NA./SFAC/2018/357 - MATTERS ARISING

Members noted that the following two reports were tabled on Wednesday 28th November, 2018:

1. Third Report of the Committee on Audited Financial Statements for the National Government Constituencies Development Fund for the seven Constituencies in Kisumu County for financial years 2013/14, 2014/15 & 2015/16; and
2. Report on Regional Public Financial Management Training held on 22nd to 26th October, 2018 in Accra, Ghana.

MIN.NO./NA./SFAC/2018/358 - ADOPTION OF THE FOURTH REPORT OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE ON AUDITED FINANCIAL STATEMENTS FOR KENYA ROADS BOARD FUND FOR THE FINANCIAL YEAR ENDED JUNE, 2017

The fourth report of the Special Funds Accounts Committee on audited financial statements for Kenya Roads Board Fund for the financial year ended June, 2017 was reviewed and adopted and proposed by Hon. Justus Kizito Mugali, M.P and seconded by Hon Esther Passaris, MP with the following recommendations:

1. Reporting on funds disbursed by the Kenya Roads Board Fund

THAT the respective Committees of Parliament mandated to examine audited financial statements for institutions that receive moneys from the Kenya Roads Board Fund ensures timely examination of the reports of the Auditor-General to ensure accountability of the funds;

2. Classification of Roads Projects

THAT the Board provides a status report on the current roads classification in the country, the agency involved in maintenance of these roads and the allocations of funds made to these agencies in the financial year 2018/19 towards implementation of

the roads projects. *This report should be submitted to the National Assembly within three months of adoption of this report; and*

3. Utilisation of the 10% allocation to priority projects by the Cabinet Secretary

THAT proposals made to the Cabinet Secretary on priority projects be availed to the Kenya Roads Board to enhance transparency and accountability.

MIN.NO./NA./SFA/2018/359 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 12.10 p.m. and the next meeting was scheduled for Tuesday 4th December, 2018 at 10:00 a.m.

SIGNED..... *for Len Oluo Ireri (MP)*
HON. KATHURI MURUNGI, M.P
(Chairperson)

DATE..... *04/12/18*

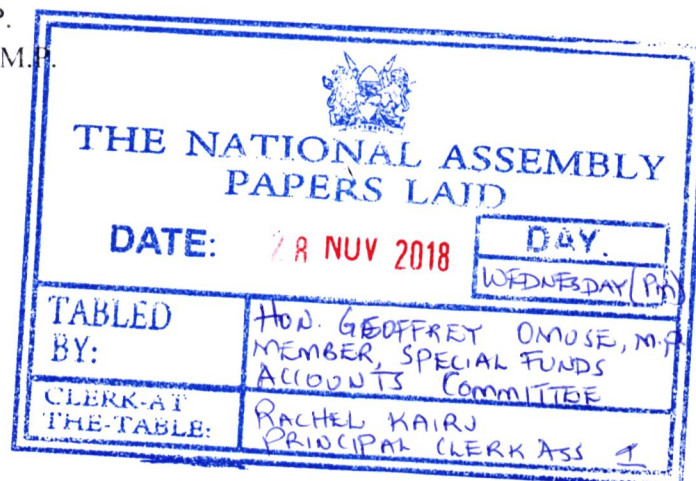
MINUTES OF THE 76TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY, 27TH NOVEMBER, 2018 COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

- | | |
|---------------------------------------|--------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Kamuren Chepkut, M.P. | - Vice Chairperson |
| 3. Hon. Erastus Kivasu Nzioka, M.P. | |
| 4. Hon. Geoffrey Omuse, M.P. | |
| 5. Hon. Alfred Agoi Masadia, M.P. | |
| 6. Hon. Mohamed Ali Lokiru, M.P. | |
| 7. Hon. Dennitah Ghati, M.P. | |
| 8. Hon. Marwa Kitayama Maisori, M.P. | |
| 9. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 10. Hon. James Kamau Wamacukuru, M.P. | |
| 11. Hon. Mwambu Mabongah, M.P. | |
| 12. Hon. Mark Lomunokol, M.P. | |

APOLOGIES

1. Hon. Rehema Jaldesa, M.P.
2. Hon. Jared Okelo, M.P.
3. Hon. Justus Kizito Mugali, M.P.
4. Hon. Esther Passaris, M.P.
5. Hon. Abdi Koropu Tepo, M.P.
6. Hon. Irene Kasalu, M.P.
7. Hon. Mohamed Ali, M.P.



COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Deborah Mupusi | - | Media Relations Officer |
| 3. Mr. Josephat Bundotich | - | Senior SAA |
| 4. Mr. Ian Otieno | - | -Audio Officer |
| 5. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/346 - PRELIMINARIES

The Chairperson called the meeting to order at 10.15 A.M. with a word of prayer from Hon. Erastus Kivasu Nzioka, M.P.

The Agenda was adopted as proposed by Hon. Erastus Kivasu Nzioka, M.P. and seconded by Hon. Alfred Agoi Masadia, M.P.

1. Prayers
2. Preliminaries

3. Confirmation of Minutes
4. Matters Arising
5. Review and Adoption of the third Report of the Special Funds Accounts Committee on Audited Financial Statements for the National Government Constituencies Development Fund for Constituencies in Kisumu County for the Financial Years 2013/14, 2014/15 And 2015/16
6. Adoption of the report of the Regional Training on Public Finance Management held in Accra, Ghana on October, 22- 26, 2018
7. Any Other Business
8. Adjournment/Date of the Next Sitting

MIN.NO./NA./SFAC/2018/347 - CONFIRMATION OF MINUTES

The Minutes of the 75th Sitting held on Thursday 22nd November, 2018 were confirmed as true recrd of the proceedings of that sitting as proposed by Hon. Marwa Kitayama Maisori, M.P. and seconded by Hon. Mwambu Mabongah, M.P.

MIN.NO./NA./SFAC/2018/3348 - MATTERS ARISING

There were no matters arising.

MIN.NO./NA./SFAC/2018/349 - ADOPTION OF THE THIRD REPORT OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE ON AUDITED FINANCIAL STATEMENTS FOR THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND FOR CONSTITUENCIES IN KISUMU COUNTY FOR THE FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16

The third Report of the Committee on Audited Financial Statements for the National Government Constituencies Development Fund for Constituencies in Kisumu County for the Financial Years 2013/14, 2014/15 And 2015/16 was adopted and proposed by Hon. Alfred Agoi Masadia, M.P. and seconded by Hon. Dennitah Ghati, M.P.

MIN.NO./NA./SFAC/2018/351 -ADOPTION OF THE REGIONAL PUBLIC FINANCIAL MANAGEMENT TRAINING

Hon. Mwambu Mabonga, MP took the meeting through the report of the regional training on public financial management that was held in Accra, Ghana on October, 22-26, 2018. The report was unanimously adopted on a proposal by Hon. Denittah Ghati, MP seconded by Hon. Geoffrey Omuse, M.P.

MIN.NO./NA./SFAC/2018/352 – Any Other Business

The Chairman informed the Committee that all pending Funds the Committee had commenced examining their accounts be prioritized when in the beginning of the third

Session. This included Commodities Fund, Agricultural Settlement Fund and Youth Enterprise.

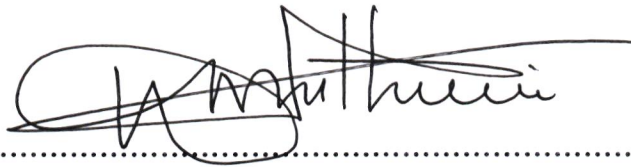
MIN.NO./NA./SFAC/2018/353 – TRAININGS

Members were informed that there was an upcoming training by AFROPAC in Mombasa in January 2019. It was noted that details of the same would be confirmed and communicated to Members.

MIN.NO./NA./SFA/2018/354 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 12.30 pm and the next meeting was scheduled for Thursdays, 29th November 2018 at 10:00 a.m.

SIGNED.....



HON. KATHURI MURUNGI, M.P

(Chairperson)

DATE.....

27th Nov. 2018.

MINUTES OF THE 75TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON THURSDAY, 22ND NOVEMBER, 2018 IN COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
2. Hon. Erastus Kivasu Nzioka, M.P.
3. Hon. Geoffrey Omuse, M.P.
4. Hon. Marwa Kitayama Maisori, M.P.
5. Hon. James Kamau Wamacukuru, M.P.
6. Hon. Mwambu Mabongah, M.P.

APOLOGIES

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. Irene Kasalu, M.P.
3. Hon. Shakeel Shabbir Ahmed, M.P.
4. Hon. Justus Kizito Mugali, M.P.
5. Hon. Alfred Agoi Masadia, M.P.
6. Hon. Mark Lomunokol, M.P.
7. Hon. Rehema Jaldesa, M.P.
8. Hon. Jared Okelo, M.P.
9. Hon. Dennitah Ghati, M.P.
10. Hon. Mohamed Ali Lokiru, M.P.
11. Hon. Esther Passaris, M.P.
12. Hon. Abdi Koropu Tepo, M.P.
13. Hon. Mohamed Ali, M.P.

COMMITTEE SECRETARIAT

- | | | |
|--------------------------|---|-------------------------|
| 1. Ms. Hellen L. Ekadeli | - | Second Clerk Assistant |
| 2. Ms. Deborah Mupusi | - | Media Relations Officer |
| 3. Mr. Ian Otieno | - | Audio Officer |
| 4. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/342 - PRELIMINARIES

The Vice Chairperson called the meeting to order at 10.15 a.m. with a word of prayer from Hon. James Wamacukuru, M.P. The main agenda having been to confirm the minutes of the retreat with Commodities Fund and review of the NACDF Kisumu County report was adopted by Hon. Erastus Nzioka, M.P and seconded by Hon. Kitayama Marwa, M.P.

MIN.NO./NA./SFAC/2018/343 - CONFIRMATION OF MINUTES

The minutes of the 68th Sitting held on Tuesday, 13th November, 2018 at 10.00 a.m. was confirmed and adopted as true deliberations of the meeting as proposed by Hon. Mwambu Mabongah, M.P and seconded by Hon. James Wamacukuru, M.P.

The minutes of the 69th Sitting held on Friday, 16th November, 2018 at 10.00 a.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. James Wamacukuru, M.P and seconded by Hon. Erastus Nzioka, M.P.

The minutes of the 70th Sitting held on Friday, 16th November, 2018 at 2.30 p.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. Kitayama Marwa, M.P and seconded by Hon. James Wamacukuru, M.P.

The minutes of the 71st Sitting held on Saturday, 17th November, 2018 at 10.00 a.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. Geoffrey Omuse, M.P and seconded by Hon. Mwambu Mabongah, M.P.

The minutes of the 72nd Sitting held on Saturday, 17th November, 2018 at 2.30 p.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. James Wamacukuru, M.P ad seconded by Hon. Kitayama Marwa, M.P.

The minutes of the 73rd Sitting held on Sunday, 18th November, 2018 at 10.00 a.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. Erastus Nzioka, M.P and seconded by Hon. Geoffrey Omuse, M.P.

The minutes of the 74th Sitting held on Sunday, 18th November, 2018 at 2.30 p.m. in Mombasa County was confirmed and adopted as true deliberations of the meeting as proposed by Hon. James Wamacukuru, M.P and seconded by Hon. Geoffrey Omuse, M.P

MIN.NO./NA./SFAC/2018/344 - MATTERS ARISING

There were no matters arising.

MIN.NO./NA./SFAC/2018/345 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 11.20 a.m. and the next meeting scheduled for Tuesday, 27th November, 2018 at 10.00 a.m.

SIGNED.....

HON. KATHURI MURUNGI, M.P

(Chairperson)

DATE.....

27/11/2018.

MINUTES OF THE 74TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON SUNDAY, 18TH NOVEMBER, 2018 AT 2.30 P.M. AT ENGLISH POINT MARINA, IN MOMBASA COUNTY.

PRESENT

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
3. Hon. Irene Kasalu, M.P.
4. Hon. Erastus Kivasu Nzioka, M.P.
5. Hon. Geoffrey Omuse, M.P.
6. Hon. Marwa Kitayama Maisori, M.P.
7. Hon. Shakeel Shabbir Ahmed, M.P.
8. Hon. James Kamau Wamacukuru, M.P.
9. Hon. Mwambu Mabongah, M.P.
10. Hon. Alfred Agoi Masadia, M.P.
11. Hon. Justus Kizito Mugali, M.P.

APOLOGIES

1. Hon. Mark Lomunokol, M.P.
2. Hon. Rehema Jaldesa, M.P.
3. Hon. Jared Okelo, M.P.
4. Hon. Dennitah Ghati, M.P.
5. Hon. Mohamed Ali Lokiru, M.P.
6. Hon. Esther Passaris, M.P.
7. Hon. Abdi Koropu Tepo, M.P.
8. Hon. Mohamed Ali, M.P.

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen L. Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Senior Legal Counsel |
| 4. Ms. Clare Kidombo | - | Research & Policy Analyst |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Relations Officer |
| 7. Mr. Josephat Bundotich | - | Senior SAA |
| 8. Mr. Ian Otieno | - | Audio Officer |
| 9. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/337 - PRELIMINARIES

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer. The agenda was to deliberate on the general observations and recommendations for the Kisumu NG-CDF report.

MIN.NO./NA./SFAC/2018/338 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting.

MIN.NO./NA./SFAC/2018/339 - MATTERS ARISING

There were no matters arising.

MIN.NO./NA./SFAC/2018/340 - REVIEW OF KISUMU NG-CDF GENERAL OBSERVATIONS AND RECOMMENDATIONS FOR FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16

The Committee continued with discussions on the general observations and recommendations for Kisumu NG-DCF report and agreed on the following arising from observations and findings that cut across the seven Constituencies:-

FAILURE TO SUBMIT REQUIRED DOCUMENTS DURING AUDIT PERIOD

The **Committee observed that** Fund Account Managers did not avail some documents that were the subject of examination by the Auditor-General for verification at the time of audit. The documents not availed for audit included cash books, project completion certificates, procurement records, bills of quantities and bank statements.

This is in contrary to section 62 (1) (c) of the Public Audit Act, 2015 which provides that *"Any person who without justification, fail to provide information within reasonable time that is required under this Act commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding three years, or to both"*.

The Committee noted that documents relating to some projects and which were subject to audit query were under the custody of Project Management Committees (PMCs) and that Fund Account Managers were unable to access them during the audit period.

The **Committee further observed** that the Auditor- General gives Fund Accounts Managers sufficient notice to prepare for the audit, and seven days to respond to various audit queries prior to publishing the Audit Report. The late submission of documents by constituencies raises the question as to why the documents were not provided at the time of the audit.

The Committee found out that audit queries dating back to 2013/2014 financial year had not been addressed, contrary to section 68 (2) (l) of the Public Finance Management Act, 2012 which requires that the accounting officer *"take appropriate measures to resolve any issues arising from audit which may remain outstanding"*.

The Committee recommended that

- (i) The Fund Account Managers ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Public Finance Management Act, No. 18 of 2012;

- (ii) The NG-CDF Board issues administrative circular directing Fund Account Managers to comply with provisions of the Constitution of Kenya, 2010, the Public Audit Act, No. 34 of 2015, the Public Finance Management Act, No. 18 of 2012 and Public Procurement and Asset Disposal Act, No. 33 of 2015; and
- (iii) The Fund Account Managers maintains the original Project Management Committee files at the NG-CDF Constituency Office, while the duplicate be maintained by the Project Management Committees.

BURSARY ALLOCATIONS AND DISBURSEMENTS

The Committee observed that there were high incidences of delays in disbursement of bursaries to beneficiary institutions, non-presentation of issued bursary cheques to institutions and cancellation of issued bursary cheques. Some of the reasons cited were errors in spelling of names of beneficiaries, loss of issued cheques by beneficiaries and failure to present the cheques within reasonable time.

The Committee recommended that

- (i) The National Government Constituencies Development Fund Board reviews guidelines on issuance of bursaries to enhance efficiency;
- (ii) The National Government Constituencies Development Fund Board fast-track adoption of electronic funds transfer in disbursement of bursaries; and
- (iii) The Fund Account Managers ensures that beneficiary institutions issue acknowledgement document upon receipt of the bursaries.

ACCURACY OF FINANCIAL STATEMENTS

The **Committee observed that** Fund Account Managers experienced challenges in adopting International Public Sector Accounting Standards (IPSAS) reporting framework in preparation of financial statements. The standards were introduced in 2013/14 financial year in the public sector. Failure to comply with the standards resulted in qualification of financial statements.

The **Committee observed that** Fund Account Managers presented inaccurate and incomplete financial statements due to the un-reconciled amounts. The responsibility of accurate financial reporting is provided under section 68 (2) (b) and (c) of the Public Finance Management Act, 2012 which requires that the accounting officer shall, *“ensure that the entity keeps financial and accounting records that comply with this Act” and “that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up”*.

The Committee also observed that Fund Account Managers had sufficient time to rectify any errors made during the preparation of financial statements as provided under Regulation 97(2) and (3) of the Public Finance Management (National Government) Regulations, 2015 which

provides that *“Government accounts may be kept open for adjustments for a month in the following year for the correction of accounts due to miss-postings or misclassifications impacting on the fair presentation of financial statements that may be noticed after 30th June each year”*.

In addition, Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2012 further requires the accounting officer to, *“prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the Controller of Budget and the National Treasury”*.

However, this has not been complied with by many constituencies which had not corrected the purported errors at the time of the Audit nor complied with the requisite accounting standards. The Committee noted that there were capacity challenges after 2013 but their obligations under the law remains.

The Committee also established that the Public Sector Accounting Standards Board (PSASB) reviews the IPSAS standards periodically to take into account emerging best accounting practices, and that some Fund Account Managers take time to comply with the changes.

The Committee recommends that

- (i) The Fund Account Managers complies to the International Public Sector Accounting Standards (IPSAS) framework in preparation of financial statements; and
- (ii) The National Government Constituencies Development Fund Board in consultation with the Public Sector Accounting Standards Board (PSASB) conducts continuous capacity building on financial reporting standards for Constituency staff.

UNSURRENDERED IMPREST

Committee observed that recovery of outstanding imprest was slow and that some remained outstanding for the three financial years under review. This is contrary to existing financial regulations that require surrender of imprest within seven (7) days after return to work station.

The Committee noted that some officers had not surrendered imprest issued to them contrary to Regulation 93(5), (6) and (7) of the Public Finance Management (National Government) Regulations, 2015 that provides that *“A holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.”*. The Committee further noted provisions of regulations (6) that *“In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate”*.

The Committee recommended

- (i) THAT the Committee recommends that the National Government Constituencies Development Fund Board recovers all outstanding imprest from defaulting officers with an interest at the prevailing Central Bank Rate as provided under Article 226(5) of the Constitution of Kenya, 2010.

ENGAGEMENT OF FUND ACCOUNT MANAGERS BY THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD

The Committee observed that some Fund Account Managers were deployed to more than one constituency, with others doubling as regional coordinators, thus creating challenges and inefficiencies in execution of their roles. The Committee noted with concern that the NG-CDF Board had not taken appropriate measures to ensure that Fund Account Managers resolve issues raised by the Auditor-General in Constituencies that they served during the year(s) under review.

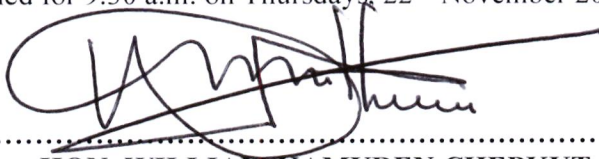
The Committee recommends that

- (i) The NG-CDF Board reviews its policy on renewal of contracts for Fund Account Managers to provide for clearance of outstanding audit queries raised in reports of the Auditor-General in constituencies they are engaged in prior to effecting any transfers and/deployment;
- (ii) The NG-CDF Board fills existing vacancies for Fund Accounts Managers and Regional Coordinators; and
- (iii) The NG-CDF Board adheres to its deployment policy on the maximum number of years that Fund Account Managers should be engaged in a constituency.

MIN.NO./NA./SFA/2018/341 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 6.30 p.m. and the next meeting was scheduled for 9.30 a.m. on Thursdays, 22nd November 2018 at Parliament Buildings.

SIGNED.....


HON. WILLIAM KAMUREN CHEPKUT, M.P
(Vice Chairperson)

DATE..... 22/11/2018

MINUTES OF THE 73RD SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON SUNDAY, 18TH NOVEMBER, 2018 AT 10.00 A.M. AT ENGLISH POINT MARINA, IN MOMBASA COUNTY.

PRESENT

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
3. Hon. Irene Kasalu, M.P.
4. Hon. Erastus Kivasu Nzioka, M.P.
5. Hon. Geoffrey Omuse, M.P.
6. Hon. Marwa Kitayama Maisori, M.P.
7. Hon. Shakeel Shabbir Ahmed, M.P.
8. Hon. James Kamau Wamacukuru, M.P.
9. Hon. Mwambu Mabongah, M.P.
10. Hon. Alfred Agoi Masadia, M.P.
11. Hon. Justus Kizito Mugali, M.P.

APOLOGIES

1. Hon. Mark Lomunokol, M.P.
2. Hon. Rehema Jaldesa, M.P.
3. Hon. Jared Okelo, M.P.
4. Hon. Dennitah Ghati, M.P.
5. Hon. Mohamed Ali Lokiru, M.P.
6. Hon. Esther Passaris, M.P.
7. Hon. Abdi KoropuTepo, M.P.
8. Hon. Mohamed Ali, M.P.

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen L. Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Senior Legal Counsel |
| 4. Ms. Clare Kidombo | - | Research & Policy Analyst |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Relations Officer |
| 7. Mr. Josephat Bundotich | - | Senior SAA |
| 8. Mr. Ian Otieno | - | Audio Officer |
| 9. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/332 - PRELIMINARIES

The Chairperson called the meeting to order at 9.30 A.M. with a word of prayer. The agenda was to deliberate on the general observations and recommendations for the Kisumu NG-CDF report.

MIN.NO./NA./SFAC/2018/333 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting.

MIN.NO./NA./SFAC/2018/334 - MATTERS ARISING

There were no matters arising.

MIN.NO./NA./SFAC/2018/335 - REVIEW OF KISUMU NG-CDF GENERAL OBSERVATIONS AND RECOMMENDATIONS FOR FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16.

The Committee discussed and agreed on the following general recommendations arising from observations and findings that cut across the seven Constituencies:-

EMPOWERING CONSTITUENCY OVERSIGHT COMMITTEES

The Committee observed that there was ineffective monitoring and evaluation of projects in the constituencies. This was due to lack of adequate allocation of resources to the Constituency Development Fund Oversight Committees to perform their functions in accordance with section 53 of the NG-CDF Act, 2015.

The Committee also noted that the NG-CDF Board had not leveraged on Information and Communication Technology (ICT) in management of projects.

The Committee recommended

- (i) THAT the NG-CDF Board allocates three percent (3%) of the constituency annual allocation to Constituency Development Fund Oversight Committees to effectively undertake their mandate as provided under the NG-CDF Act, 2015. This amount should be included in the NG-CDF annual allocation to the constituencies with effect from the financial year 2018/2019; and
- (ii) THAT the NG-CDF Board adopts and implements Electronic Monitoring and Evaluation Systems and Tools to monitor all projects in the Constituencies and have them linked to the Electronic National Government Monitoring and Evaluation Systems.

ASSETS OF THE BOARD IN THE CUSTODY OF CONSTITUENCIES

The Committee observed that fixed and movable assets in the custody of constituencies including motor vehicles should be held under the name of the Constituency in line with the provisions of Section 36 of the NG- CDF Act, 2015. Section 36 (4) (a) of the Act provides that all fixed and movable assets, "*bear the name and number of the Constituency as delineated by the Independent Electoral and Boundaries Commission.*" Further section 36(4) (b) provides that the equipment bought for public institutions shall remain in the exclusive use of those institutions.

The Committee recommended

- (i) THAT the Committee recommends that the NG-CDF Board ensures that fixed and movable assets in the custody of constituencies including motor vehicles be held under the name of the Constituency in line with the provisions of section 36(4) of NG- CDF Act, 2015.

ASSET DISPOSAL BY THE NG-CDF BOARD

The **Committee observed that** some constituencies had purchased graders for road projects and that the NG-CDF Board had advised that Constituency Development Committees disposes the graders. The Committee noted that Section 36(6) of the Act provides as follows, *“Any proceeds that may accrue from the disposal of any asset acquired pursuant to [...] shall be credited to the account of the constituency from whose funds the asset was acquired and such funds shall be reflected and declared as part of the following year’s constituency fund for that constituency.”*

The Committee recommended

- (i) THAT the Committee recommends that NG-CDF Board disposes the graders in accordance with the Public Procurement and Asset Disposal Act, 2015 and the proceeds retained in the NG-CDF Fund in line with the provisions of section 36 (6) of the NG-CDF Act, 2015.

IMPLEMENTATION OF PROJECTS AND RE-ALLOCATION OF FUNDS WITHOUT APPROVAL OF THE NG-CDF BOARD

The **Committee observed that** most Fund Accounts Managers had implemented projects and re-allocated funds without seeking prior approval of the NG-CDF Board. This was contrary to Section 6(2) and Section 31 of the National Government Constituencies Development Fund Act, 2015 which provides that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the NG-CDF Board.

The Committee noted that Section 6(2) of the National Government Constituencies Development Fund Act, 2015 provides that *once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.* Further Regulation 54 of the Public Finance Management (National Government) Regulations, 2015 further 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”* and Section 196 (6) provides that *“ public officer who contravenes this section commits an offence and on conviction is liable to a term of*

imprisonment not exceeding two years or to a fine not exceeding one million shillings, or to both”.

The **Committee further observed that** some projects initiated by Constituency Development Fund Committees prior to enactment of NG-CDF Act, 2015, and which currently fall within the devolved functions remained stalled to date.

The Committee also noted that most National Government Constituencies Development Fund Committees had not engaged the services of a Clerk of Works as provided in the NG-CDF Board guidelines. In addition, physical verification of projects by the Auditor- General revealed that the structural integrity of some buildings was questionable as stated in various audit queries.

The Committee recommended that

- (i) The National Government Constituencies Development Fund Board takes administrative action against Fund Account Managers who reallocated funds contrary to the NG-CDF Act, 2015;
- (ii) The Fund Account Managers ensures compliance with Section 6(2) and Section 31 of the NG-CDF Act, 2015;
- (iii) The National Government Constituencies Development Fund Board publishes a list of all incomplete and/or stalled projects initiated by the former Constituency Development Fund (CDF) Board prior to the enactment of the National Government Constituencies Development Fund Act, 2015;
- (iv) The NG-CDF Board in consultation with the National Treasury and Planning and other relevant authorities expedite completion of all incomplete and/or stalled projects;
- (v) The Fund Account Manager ensures that relevant government departments are involved during project implementation in line with the provisions of Section 36(1) of the NG-CDF Act, 2015;
- (vi) The NG-CDF Board in consultation with the County Public Works Office and the National Construction Authority assesses the structural integrity of projects in question and issues an occupational certificate; and
- (vii) The NG-CDF Committees engages the services of Clerk of Works in management of projects as provided in the NG-CDF Board guidelines.

DISBURSEMENT OF FUNDS FOR IMPLEMENTATION OF NG-CDF PROJECTS

The Committee observed that some projects which had been budgeted and approved by the NG-CDF Board were not implemented during the financial year(s) due to late disbursement of funds by the National Treasury. Most of the disbursements were made in the second and third quarter of the financial year(s) which affected procurement processes and implementation of projects.

The Committee recommended

- (i) THAT the Committee recommends that the National Treasury expedites the process of quarterly disbursements of funds to the National Government Constituencies Development Fund Board for timely release to constituencies.

MIN.NO./NA./SFA/2018/336 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 1.00 p.m. and the next meeting was scheduled for 2.30 P.M.

SIGNED.....



HON. WILLIAM KAMUREN CHEPKUT, M.P
(Vice Chairperson)

DATE.....

22/11/2018

MINUTES OF THE 72ND SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON SATURDAY, 17TH NOVEMBER, 2018 AT 2.30 P.M. AT ENGLISH POINT MARINA, IN MOMBASA COUNTY.

PRESENT

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
3. Hon. Irene Kasalu, M.P.
4. Hon. Erastus Kivasu Nzioka, M.P.
5. Hon. Geoffrey Omuse, M.P.
6. Hon. Marwa Kitayama Maisori, M.P.
7. Hon. Shakeel Shabbir Ahmed, M.P.
8. Hon. James Kamau Wamacukuru, M.P.
9. Hon. Mwambu Mabongah, M.P.
10. Hon. Justus Kizito Mugali, M.P.
11. Hon. Alfred Agoi Masadia, M.P.

APOLOGIES

1. Hon. Mark Lomunokol, M.P.
2. Hon. Rehema Jaldesa, M.P.
3. Hon. Jared Okelo, M.P.
4. Hon. Dennitah Ghati, M.P.
5. Hon. Mohamed Ali, M.P.
6. Hon. Mohamed Ali Lokiru, M.P.
7. Hon. Esther Passaris, M.P.
8. Hon. Abdi Koropu Tepo, M.P.

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen L. Ekadeli | - | Second Clerk Assistant |
| 3. Ms. Clare Kidombo | - | Research & Policy Analyst |
| 4. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 5. Ms. Deborah Mupusi | - | Media Relations Officer |
| 6. Mr. Josephat Bundotich | - | Senior SAA |
| 7. Mr. Ian Otieno | - | Audio Officer |
| 8. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/327 - PRELIMINARIES

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer. The agenda was to continue with deliberations on Nyakach NG-CDF report.

MIN.NO./NA./SFAC/2018/328 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting.

MIN.NO./NA./SFAC/2018/329 - MATTERS ARISING

There were no matters arising.

**MIN.NO./NA./SFAC/2018/330 - REVIEW OF NYAKACH NG-CDF FOR
FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16**

The Committee continued with discussions on the Nyakach NG-CDF report. The Committee reviewed, and adopted the following observations and recommendations in different sections of audit queries.

FINANCIAL YEAR 2014/2015

CONSTRUCTION OF OLWALO BRIDGE IN RIVER OLWALO

Committee Observation

The Committee observed that the contractor was paid Ksh. 9,227,493 without the report of the Inspection and Acceptance Committee contrary to Section 17 of the Public Procurement and Disposal Regulations, 2006.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015.

REHABILITATION OF NYAMAROKA – SIGOTI ROAD

Committee Observation

The Committee observed that a total of Ksh. 4,050,000 was paid to the Contractor without Inspection and Acceptance Committee reports contrary to Section 17 of the Public Procurement and Disposal Regulations 2006.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015

Regarding contract documents, the Committee made the following observations and recommendations:

Committee Observation

The Committee observed that no contract documents were made available for the audit examination and confirmation at the time of the audit.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015.

PURCHASE OF MOTOR CYCLES

Committee Observation

The Committee observed that it was not clear how Toyota Kenya was identified to supply the motor cycles since no tendering documents were availed for audit.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015.

The Auditor-General confirmed that there was no evaluation done but the motor cycles were distributed to the Assistant Chiefs.

MOTORCYCLES EVALUATION

Committee Observation

The Committee observed that there was no evaluation done to confirm the specifications of the motorcycles before they were distributed.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015.

REGARDING THE INSPECTION AND ACCEPTANCE COMMITTEE

Committee Observation

The Committee observed that the Inspection and Acceptance Committee was not constituted.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures that Inspection and Acceptance Committees are established as provided under Section 48 of the Public Procurement and Asset Disposal Act, 2015 to verify that works or services undertaken meet the technical standards defined in the contract.

FINANCIAL YEAR 2015/2016

SIANY PRIMARY

- (i) The NG-CDF Board in consultation with the County Public Works Office and the National Construction Authority assesses the structural integrity of the floors at Siany Primary School and issues an occupational certificate; and
- (ii) The NG-CDF Committee for Nyakach Constituency should employ a Clerk of Works as provided in the NG-CDF Board guidelines.

Committee Observations

- (i) The Fund Account Manager did not avail relevant supporting documents at the time of the audit. The Project Management Committee returns had been availed and reviewed as confirmed by the Auditor-General. However, the issue of the cracks on the floor remains pending; and
- (ii) The Constituency had not engaged the services of a Clerk of Works leading to poor workmanship of its projects.

Committee Recommendations

The Committee recommended that:

- (i) The Fund Account Manager ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012;

MIN.NO./NA./SFA/2018/331 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 6.30 p.m. and the next meeting was scheduled for 9.30 a.m. on Sunday, 18th November 2018.

SIGNED.....

HON. WILLIAM KAMUREN CHEPKUT, M.P
(Vice Chairperson)

DATE.....

MINUTES OF THE 71ST SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON SATURDAY, 17TH NOVEMBER, 2018 AT 10.00 A.M. AT ENGLISH POINT MARINA, IN MOMBASA COUNTY.

PRESENT

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
3. Hon. Irene Kasalu, M.P.
4. Hon. Erastus Kivasu Nzioka, M.P.
5. Hon. Geoffrey Omuse, M.P.
6. Hon. Marwa Kitayama Maisori, M.P.
7. Hon. Shakeel Shabbir Ahmed, M.P.
8. Hon. James Kamau Wamacukuru, M.P.
9. Hon. Mwambu Mabongah, M.P.
10. Hon. Alfred Agoi Masadia, M.P.
11. Hon. Justus Kizito Mugali, M.P.

APOLOGIES

1. Hon. Mark Lomunokol, M.P.
2. Hon. Rehema Jaldesa, M.P.
3. Hon. Jared Okelo, M.P.
4. Hon. Dennitah Ghati, M.P.
5. Hon. Mohamed Ali Lokiru, M.P.
6. Hon. Esther Passaris, M.P.
7. Hon. Abdi Koropu Tepo, M.P.
8. Hon. Mohamed Ali, M.P.

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen L. Ekadeli | - | Second Clerk Assistant |
| 3. Ms. Clare Kidombo | - | Research & Policy Analyst |
| 4. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 5. Ms. Deborah Mupusi | - | Media Relations Officer |
| 6. Mr. Josephat Bundotich | - | Senior SAA |
| 7. Mr. Ian Otieno | - | Audio Officer |
| 8. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/322 - PRELIMINARIES

The Chairperson called the meeting to order at 10.30 a.m. with a word of prayer. The agenda was to deliberate on Nyakach NG-CDF report before conclusively rounding up the Kisumu County Constituencies NG-CDF Report.

MIN.NO./NA./SFAC/2018/323 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting.

There were no matters arising.

MIN.NO./NA./SFAC/2018/325 - REVIEW OF NYAKACH NG-CDF FOR FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16

The Committee discussed the Nyakach NG-CDF report and reviewed, and adopted the following observations and recommendations in different sections of audit queries.

FINANCIAL YEAR 2013/2014

UN-SUPPORTED EXPENDITURE

Committee Observation

- (i) That the Fund Account Manager had not submitted the required documents to support the expenditure at the time of audit;
- (ii) That there was lack of monitoring and evaluation of environmental projects at the Constituency; and
- (iii) That there was inadequate allocation of resources to the oversight Committee.

Committee Recommendations

- (i) The Fund Account Manager ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Public Finance Management Act, No. 18 of 2012;
- (ii) The NG-CDF Board puts in place monitoring and evaluation mechanisms for environmental projects to ensure that constituents get value for money; and
- (iii) The NG-CDF Board allocates three percent (3%) of the constituency annual allocation to Constituency Development Fund Oversight Committees to effectively undertake their mandate as provided under the NG-CDF Act, 2015. This amount should be included in the NG-CDF annual allocation to the constituencies in the financial year 2018/2019.

FINANCIAL YEAR 2013/2014

FAILURE TO FILE EXPENDITURE RETURNS

Committee Observation

- (i) The Fund Account Manager did not avail documents to support expenditure for the various projects undertaken;
- (ii) The fund Accounts Manager did not submit returns from the project management committee at the time of Audit.

Committee Recommendations

The Committee recommended that the Fund Account Manager ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

FINANCIAL YEAR 2014/2015

TOTAL FINANCIAL ASSETS

Committee Observation

The Committee observed that the Fund Account Manager did not frequently update the Cash Book.

Committee Recommendation

The Committee recommended that the Fund Account Manager ensures timely updating of Cash Book and reconciliation of bank statements.

FINANCIAL YEAR 2014/2015

TRANSFERS TO OTHER GOVERNMENT ENTITIES FOR THE

Committee Observation

The Committee observed that minutes for the meetings relating to payment of bursaries were not signed.

Committee Recommendation

The Committee recommends that the Fund Account Manager should ensure that minutes for all meetings are properly executed.

FINANCIAL YEAR 2014/2015

UNACCOUNTED FOR TREE SEEDLINGS

Committee Observation

The Committee observed that LSO No. 0558321 was used instead of an LPO.

Committee Recommendation

The Committee recommends that the Fund Account Manager ensures compliance with provisions of Public Procurement and Asset Disposal Act, 2015.

MIN.NO./NA./SFA/2018/326 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 1.30 p.m. and the next meeting to commence at 2.30 p.m.

SIGNED.....

HON. WILLIAM KAMUREN CHEPKUT, M.P
(Vice Chairperson)

DATE.....22/11/2018.....

MINUTES OF THE 70TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON FRIDAY, 16TH NOVEMBER, 2018 AT 2.30 P.M. IN ENGLISH POINT, MOMBASA COUNTY.

PRESENT

1. Hon. Kathuri Murungi, M.P. - Chairperson
2. Hon. William Kamuren Chepkut, M.P. - Vice Chairperson
3. Hon. Irene Kasalu, M.P.
4. Hon. Erastus Kivasu Nzioka, M.P.
5. Hon. Geoffrey Omuse, M.P.
6. Hon. Marwa Kitayama Maisori, M.P.
7. Hon. Shakeel Shabbir Ahmed, M.P.
8. Hon. James Kamau Wamacukuru, M.P.
9. Hon. Mwambu Mabongah, M.P.
10. Hon. Alfred Agoi Masadia, M.P.
11. Hon. Justus Kizito Mugali, M.P.

APOLOGIES

1. Hon. Mark Lomunokol, M.P.
2. Hon. Rehema Jaldesa, M.P.
3. Hon. Jared Okelo, M.P.
4. Hon. Dennitah Ghati, M.P.
5. Hon. Mohamed Ali Lokiru, M.P.
6. Hon. Esther Passaris, M.P.
7. Hon. Abdi KoropuTepo, M.P.
8. Hon. Mohamed Ali, M.P.

IN-ATTENDANCE

COMMODITIES FUND

- | | | |
|-------------------------|---|------------------|
| 1. Ms. Nancy Cheruiyot | - | Managing Trustee |
| 2. Mr. Robert Muriithi | - | Trustee |
| 3. Ms. Purity Sein K. | - | Trustee |
| 4. Mr. Henry Huka Diba | - | Trustee |
| 5. Mr. Moses Gakuru | - | Trustee |
| 6. Prof. Eric Ogur | - | Trustee |
| 7. Mr. Eliud M. Kamau | - | Trustee |
| 8. Ms. Roseline Wambura | - | Credit Manager |
| 9. Ms. Nesline Gechuki | - | Legal Manager |
| 10. Mr. Silas Nyaga | - | Finance Manager |
| 11. Mr. Geoffrey Kinyua | - | Accountant |

AGRICULTURAL AND FOOD AUTHORITY

- | | | |
|-------------------------|---|-------------------------------|
| 1. Mr. Solomon Odera | - | Interim Head-Sugar Department |
| 2. Mr. Anthony Muriithi | - | Interim Director General |
| 3. Mr. Elias Kiragu | - | Interim Head-Finance |

4. Mr. James Njue - Interim Chief Accountant

COMMITTEE SECRETARIAT

1. Ms. Lucy Kimathi - Principal Clerk Assistant II
2. Ms. Hellen L. Ekadeli - Second Clerk Assistant
3. Ms. Clare Kidombo - Research & Policy Analyst
4. Mr. Robert Ngetich - Budget Fiscal Analyst
5. Ms. Deborah Mupusi - Media Relations Officer
6. Mr. Josephat Bundotich - Senior SAA
7. Mr. Ian Otieno - Audio Officer
8. Mr. Meshack Mutali - Office Assistant

MIN.NO./NA./SFAC/2018/319 - PRELIMINARIES

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer and welcomed Mr. Solomon Odera, Interim Head, Sugar Directorate, as the next presenter.

MIN.NO./NA./SFAC/2018/320 - AGRICULTURE AND FOOD AUTHORITY IN THE HANDOVER REPORT

Mr. Solomon Odera, the interim Head Sugar Directorate informed the Committee that the sugar industry was initially regulated directly under the Ministry of Agriculture, and then Sugar Authority established by the Agriculture Act was created. The Sugar Act, 2001 created the Kenya Sugar Board whose role was to regulate, develop and promote the sugar industry. The Sugar Act created the Sugar Development Levy and Sugar Development Fund. The source of the monies to the Fund was levies which were charged on both locally produced and imported sugar.

Mr. Odera informed the Committee that upon the realization that the various legislation on Agricultural sector were in a way conflicting, the government collapse the legislations and came up with Agriculture and Food Authority Act, 2013 and Crops Act 2013. Agriculture and Food Authority (AFA) created by the Agriculture and Food Authority Act, 2013 brought on board all the sub-sector regulatory agencies as directorates within AFA. The Kenya Sugar Board became the Sugar Directorate but its role remained as regulating the sugar industry.

Crops Act 2013 established the Commodities Fund which took over the Coffee Development Fund and Sugar Development Fund. The Committee was informed that the Loan Book was transferred to the Commodities Fund based on the audited accounts of the Sugar Development Fund as end of June 2014.

The interim Head of the Sugar Directorate informed the Committee that it has transferred certain files to the Commodities Fund but there are other documentations yet to submit. The Committee was informed that Sugar Directorate has catalogued and documented all the documents and securities that need to be transferred to the Commodities Fund.

Mr. Odera informed the Committee that in a joint meeting between AFA and Commodities Fund, it was agreed that a team be established to do verification of the documentation on the loans. The committee was informed that they are in the process of identifying the team members.

The Committee was informed that two sugar companies were placed under receivership in 2001- Miwani and Muhoroni Sugar Company. The two sugar companies were placed under protective receivership to guard against their assets. That they are in the process of appointing receivers in order to conform to the receivership laws. Currently the receivers are staff of the directorate but the laws requires that a receiver to be an individual registered by the Attorney General as administrators. The Committee was informed that through the procurement process, a competitive receiver has been identified and that the same has been communicated to the Ministry for concurrence.

Mr. Odera informed the Committee that one of the challenges is the lack of regulations which is supposed to help in the regulation of the sugar industry. He informed the committee that there are draft regulations which have been shared with the various stakeholders.

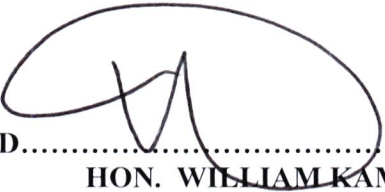
The Committee noted its dissatisfaction with the slow pace and the inability of the Sugar Directorate and Commodities Fund to complete the hand over process which would have allowed the Commodities Fund to exercise its mandate effectively as well as to respond to the audit queries efficiently.

The Committee asked the Commodities Fund to respond to the specific audit queries raised in the auditor general's report for the financial year ending June, 2016 as well as for the financial year ending June, 2017. Where the accounting officer is not able to respond because of lack of documents, she should state that specifically that they are not able to respond because of lack of documents.

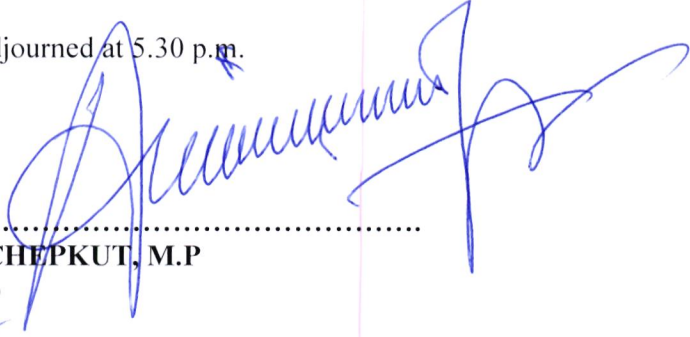
MIN.NO./NA./SFAC/2018/321 - ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at 5.30 p.m.

SIGNED.....


HON. WILLIAM KAMUREN CHEPKUT, M.P
(Vice Chairperson)

DATE.....


22/11/2018

MINUTES OF THE 65TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON THURSDAY, 25TH OCTOBER, 2018 IN COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. Hon. Kathuri Murungi, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P - Vice Chairperson
3. Hon. Geoffrey Omuse, M.P
4. Hon. Marwa Kitayama Maisori, M.P
5. Hon. Irene Kasalu, M.P
6. Hon. Esther Passaris, M.P.
7. Hon. James Kamau Wamacukuru, M.P

APOLOGIES

1. Hon. Mark Lomunoko!, M.P
2. Hon. Alfred Agoi Masadia, M.P
3. Hon. Erastus Kivasu Nzioka, M.P
4. Hon. Rehema Jaldesa, M.P
5. Hon. Mwambu Mabongah, M.P
6. Hon. Dennitah Ghati, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Shakeel Shabbir Ahmed, M.P
10. Hon. Mohamed Ali, M.P
11. Hon. Jared Okelo, M.P
12. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

NYAKACH NG-CDF DELEGATION

1. Mr. Dalmas Ndonga - Nyakach Funds Account Manager
2. Mr. Jakoo Miyumo - Former Funds Account Manager Nyakach NG-CDF/Current Funds Account Manager Alego Usonga NG-CDF
3. Ms. Beatrice Otuno - Accountant I/NG-CDF Board
4. Ms. Elizabeth Kitundu - Programme Manager/NG-CDF Board
5. Mr. Evans O. Achar - Principal Accountant

THE NATIONAL TREASURY

1. Mr. Geoffrey Mwitari - Asst. Accountant General
2. Mr. Francis N. Kabui - Manager – Audit

OFFICE OF THE AUDITOR GENERAL

3. Mr. Peter Njoroge - Manager (Kisumu County)
4. Mr. Joshua Kereda - Deputy Director of Audit (Kisumu County)

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|-------------------------|
| 1. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 2. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 3. Ms. Deborah Mupusi | - | Media Relations Officer |
| 4. Mr. Ian Otieno | - | Audio Officer |
| 5. Mr. Josephat Bundotich | - | Serjeant-At-Arms |
| 6. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/292 - PRELIMINARIES

The Chairperson called the meeting to order at 10.15 a.m. with a word of prayer from Hon. Geoffrey Omuse, M.P. The agenda was adopted as follows:-

1. Prayers
2. Preliminaries
3. Confirmation of minutes;
4. Matters arising;
5. **Meeting with the Funds Account Manager, Nyakach NG-CDF on the audited reports for the financial years 2013/14, 2014/15 and 2015/16.**
6. Any Other Business.

MIN.NO./NA./SFAC/2018/293 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting and therefore there were no matters arising.

MIN.NO./NA./SFAC/2018/294 - MEETING WITH THE FUNDS ACCOUNT MANAGER, NYAKACH NG-CDF ON THE AUDITED REPORTS FOR THE FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16.

SUBMISSIONS FROM NYAKACH CONSTITUENCY

Evidence on the report of the Auditor General on the financial statements of Nyakach Constituency National Government Constituencies Development Fund for the financial year 2015/16.

Mr. Dalmas Ndonga, the current Fund Manager accompanied by Mr. Jakoo Miyumo, the former Fund Manager and now the Fund Manager, Alego Usonga constituency, appeared before the Committee on 23rd October 2018, to adduce evidence on the audited accounts of Nyakach Constituency Development Fund for the year 2015/16.

Mr. Dalmas Ndonga was accompanied by the following officers:-

- | | |
|--------------------------|---|
| 1. Mr. Jakoo Miyumo | - Former Nyakach Fund Account Manager/ Current Manager Alego Usonga |
| 2. Ms. Elizabeth Kitundu | - Programme Manager/NG-CDF Board |
| 3. Ms. Beatrice Otuno | - Accountant I/NG-CDF Board |
| 4. Mr. Evans O. Achar | - Sub County Principal Accountant |

and gave evidence as follows:-

FINANCIAL YEAR 2015/2016

1. Incomplete Financial Statements

The Committee was informed that the management did not prepare a statement of appropriation – recurrent and development as per the requirement of the IPSAS I on the financial statements. Further the note 10 under payables at Annex 3 which is missing in the financial statements.

Management Response

The Committee was informed that there was an erroneous omission of the statement of appropriation in the financial statement presented for the financial year ending 30th June 2016. The statement has been amended and included in the statements of appropriation.

The Auditor confirmed that the subsequent financial statements for 2016/2017 have been presented and reviewed.

2. Inaccuracies of Financial Statements

The Committee was informed that the national government constituencies development fund had allocated Ksh. 116,921,342 during the year ended 30th June 2016 but only Ksh. 63,000,000 was disbursed with the likelihood that citizen of the constituency may not have obtained the much desired service.

Management Response

The Funds Account Manager acknowledged that the audit finding that ksh 116,921,342 was allocated to the constituency in financial year 2015/2016 but only ksh 63,000, 000 received. The Committee was informed that the delay was caused by late disbursement of funds from the Board. However, the balance of ksh 53,721,342 was received through AIE no. A825939 in Financial year 2016/17 and projects budgeted for done to completion.

The Auditor confirmed that the disbursement of the funds depends with availability of funds with the Board and that this allocation was received in the year 2016/2017.

3. Inaccuracies of Financial Statements.

The Committee learnt that total financial assets balance of Ksh. 3,927,449 is not in agreement with net liabilities which reflect a negative of Ksh. 417,551 resulting to an unreconciled or unexplained balance of Ksh. 4,345,000.

Management Response

The Management responded that they erroneously transferred wrong figures from the excel worksheet to the word document resulting to statement of financial asset not balancing. However, the financial statement has been amended and balanced.

The Auditor confirmed that the subsequent financial statements for 2016/2017 have been presented and reviewed.

4. Compensation of employees

The Committee was informed that included under note 2 is compensation to employees figure of Ksh. 1,181,480. However, the schedules and payments vouchers availed reflected an expenditure of Ksh. 1,289,100 resulting to unreconciled balance of Ksh. 107,620. Consequently, the accuracy and validity of Ksh. 1,181,400 could not be confirmed.

Management Response

The Funds Account Manager stated that the Committee utilized Kshs. 1,181,400 on compensation to the employees as follows:-

Particulars	Date	Pv no.	Cheq No.	Amount
Nelson Agwanda	3/12/2015	226	6522	10,000.00
NSSF	3/12/2015	222	6530	9,120.00
NHIF	3/12/2015	222	6527	3,400.00
Winfred A Agai	16/12/2015	228	6535	29,780.00
David Odhiambo	16/12/2015	229	6536	15,000.00
pamela akumu	16/12/2015	230	6537	12,090.00
Nelson Agwanda	16/12/2015	231	6538	10,000.00
Lukas Opiyo	16/12/2015	232	6539	29,780.00
NHIF	16/12/2015	228	6542	3,400.00
NSSF	16/12/2015	228	6543	9,120.00
Winfred A Agai	2/2/2016	262	6589	29,780.00
David Odhiambo	2/2/2016	263	6590	15,000.00
pamela akumu	2/2/2016	264	6591	12,090.00
Nelson Agwanda	2/2/2016	265	6592	10,000.00
Lukas Opiyo	2/2/2016	266	6593	29,780.00
PAYE	2/2/2016	262	6594	9,250.00
NSSF	2/2/2016	262	6595	9,120.00
NHIF	2/2/2016	262	6596	3,400.00
Lucas Oburu	2/2/2016	268	6839	36,890.00
Winfred A Agai	24/3/2016	282	7112	29,780.00
Nelson Agwanda	24/3/2016	283	7113	10,000.00
Lucas Oburu	24/3/2016	284	7114	29,780.00
pamela akumu	24/3/2016	285	7115	12,090.00
David Odhiambo	24/3/2016	286	7116	15,000.00
PAYE	24/3/2016	282	7117	9,250.00
NHIF	24/3/2016	282	7118	4,000.00
NSSF	24/3/2016	282	7119	11,100.00
Winfred A Agai	24/3/2016	287	7120	36,890.00
Winfred A Agai	24/3/2016	289	7122	29,780.00
Lucas Oburu	24/3/2016	290	7123	29,000.00
pamela akumu	24/3/2016	291	7126	12,090.00
Nelson Agwanda	24/3/2016	292	7127	10,000.00
PAYE	24/3/2016	288	7128	5,250.00

NHIF	24/3/2016	288	7129	2,450.00
NSSF	24/3/2016	288	7130	6,960.00
Winfred A Agai	26/4/2016	310	7164	29,780.00
Lucas Oburu	26/4/2016	311	7165	29,780.00
Nelson Agwanda	26/4/2016	312	7166	10,000.00
David Odhiambo	26/4/2016	313	7167	15,000.00
pamela akumu	26/4/2016	314	7168	12,090.00
PAYE	26/4/2016	310	7170	9,250.00
NHIF	26/4/2016	310	7171	3,300.00
NSSF	26/4/2016	310	7172	9,120.00
Total				1,181,480

The Auditor confirmed that the schedule reconciles with the total of Ksh. 1,181,480.

5. Unaccounted for Expenditure.

The Committee was informed that included in the financial statement under note 3 in respect to use of goods and services figure of Ksh. 8,749,357 is Kshs. 6,384,857 for utilities, supplies and services which, supplies and which inturn includes expenditure of Ksh. 1,361,048 on utilities, supplies and services amounting to Ksh. 1,128,548 and committee allowance of Ksh. 232,500. The supporting documents such as payment vouchers were not availed for audit verification consequently the propriety of the expenditure could not be confirmed.

Management Response

The Management acknowledge that the purchase of goods comprised of apportion where low value procurement using standing imprest was used mainly for office utilities. The relevant attaching documents are in the process of fully attaching the same to payment voucher. Committee allowance of Kshs. 232,500 was paid by use of imprest which has since been surrendered.

The Auditor confirmed that the supporting documents have not yet been submitted for audit review.

6.1 Transfer to other Government Units

Transfers to Primary Schools

The Committee was informed that included in note 5 is transfer to other government units Ksh. 16,100,000 which in turn includes transfer to primary schools Ksh. 4,000,000 while the payment voucher availed to support the figure is for Ksh. 2,400,000 resulting to unreconciled balance of Ksh. 1,600,000. Further the following anomalies were noted.

Management response

The Funds Manager confirmed that the funds were transferred to the primary schools as follows:-

Name	Date	PV		
Olwa Pr Sch	15/01/2016	250	6579	400,000

Achingure Pri	2/2/2016	270	6848	400,000
Nyamarimba Pri	2/2/2016	270	6851	400,000
Apoko Pri	2/2/2016	270	6852	400,000
Abwao Pri	24/3/2016	299	4392	400,000
Rakwaro Pri	24/3/2016	299	4716	400,000
Nyabondo Day	24/3/2016	299	4733	400,000
Siany Pri	24/3/2016	299	4738	400,000
Agai Pri	24/3/2016	299	4739	400,000
Kobongo Pri Sch	30/3/2016	305	7404	400,000
TOTAL				4,000,000

The Auditor confirmed that the schedule for the total amount of Kshs. 4,000,000 was submitted but awaits a payment voucher for Kshs, 1,600,000 to be availed for audit review.

(a) Agai Primary School.

The Committee was informed that the school received Ksh. 400,000 for roofing and plastering of the class room. It was noted by the auditor that Cashbooks, bank statements, purchase order, bill of quantities, stores records, invoices and project committee minutes were not availed for verification.

Management Response

The responds stated that the funds amounting to Kshs 400,000 was disbursed as grant to Agai upon a successful approval of their project proposal. The school records have been availed for audit review.

The Auditor confirmed that the PMC file has been review and satisfied with its records.

(b) Siany Primary

The audit query stated that Siany primary school received Ksh 400,000 for roofing and plastering of one classroom. However, no requisite documentation was availed for audit verification.

In addition, physical verification revealed that floors have big cracks and were worn out. Besides, the project was labour based and it's not clear whether enough materials had been purchased for the project.

Management Response

The management responded that Siany was allocated Ksh. 400,000 for roofing and plastering of 2 classrooms. The Committee learnt that PMC have utilized the funds to complete two classrooms that were incomplete and that returns have been made for audit review i.e. BOM Minutes , Expenditure return, contract agreements and bank statement.

The Auditor has confirmed that the returns have been reviewed but physical verification of the works should be conducted for the cracks.

(c) Nyabondo Day Primary School.

The Committee was informed that Nyabondo Secondary school benefited with Ksh. 400,000 for roofing and finishes of two classrooms. However no supporting documentations were availed for audit verification

Management Response

The Management acknowledged that the Committee transferred Ksh. 400,000 to the PMC account for completion of two classrooms, however the PMC utilized the funds to roof five classrooms. The Funds Manager further informed the Committee that the returns have been received and availed for verification including BOM Minutes, Bill of quantities, payment voucher and receipts.

The Auditor confirmed that the documents have been reviewed.

(d) Olwa Primary School

The Committee was informed that Olwa Primary School got Ksh. 400,000 for roofing and plastering of one classroom. However the requisite supporting documents were not availed from audit verification.

Management Response

The Management acknowledged that the committee transferred Ksh. 400,000 to Olwa Primary School for roofing and plastering of one classroom, the PMC utilized the funds to construct one classroom. The Committee was informed that at the time of audit the returns had not been filed but have since been availed to the Auditors for verification. The documents include BOM minutes, receipts and payment vouchers.

The Auditor confirmed that the PMC have been submitted and verified.

6.2 Transfers to Secondary Schools

The Committee was informed that transfers to secondary school is reflected as Ksh. 2,100,000 while supporting documents amounting to Ksh. 1,700,000 resulting to unreconciled difference of Ksh. 400,000.

Management Response

The Funds Manager acknowledged that Nyakach Constituency disbursed a total of Kshs. 2,100,000 to five secondary school as follows:-

No	School	Amount Allocated	Activity
1	Kandaria Secondary	400,000	Roofing and finishing of classroom
2	Rakwaro secondary	400,000	Finishes of dining hall
3	Agai secondary	400,000	Admin block
4	St Marys Nyamarimba Girls sec school	400,000	Finishing laboratory
5	Sangoro secondary	500,000	

	school		
		2,100,000	

The Auditor confirmed that the reconciliation has been done but a difference of Kshs. 400,000 remains outstanding.

6.3 Transfers to Tertiary Schools

Transfers to Tertiary Institutions

The Committee was informed that transfer to tertiary institution of ksh 10,000,000 was in respect of construction of Nyakach technical training institute. Physical verification of the project revealed that no procurement records were maintained in spite of the project being in progress. Further it was revealed that the ownership of the land where the institute was being built could not be confirmed as the ownership documents.

In addition, the funds for the institute were released without request, PMC minute, tender documents, bank statement, certificates of completion, inspection and acceptance report, inventories records, cashbook, plan for building bill of quantity and even the contract sum agreed were not availed from audit review

Management Response

The Funds Account Manager responded that CDF Nyakach disbursed funds to Nyakach Technical institution upon a memorandum of understanding between the Ministry of Education and CDF Nyakach for development of a technical institute. The funds were a grant while the Ministry of Education also disbursed its share of funding to the institute.

Management of the project was bestowed to Kisumu Polytechnic which was chosen as a mentor institution by the Ministry of education. Procurement records were maintained from Kisumu Polytechnic.

The Auditor confirmed that the evidence of funds transfer to Kisumu National Polytechnic was not provided for review.

7.1 Unsupported Payments

Unsupported Payments

The Committee was informed that Note 6 reflects other grants and transfers of ksh 51,807,773 out of which payments totaling Ksh. 37,456,759 had supporting payments vouchers with figures totaling to Ksh. 39,003,259 hence resulting to an unreconciled difference of Ksh. 1,546,500. In addition, other supporting documents such as bank statements, stores records, and PMC minute's certificates of completion were not availed for audit review.

Management Response

The management responded that the above mentioned records may have not been provided on time to the Auditors but making follow-ups with PMC to provide the necessary documents.

The Auditor confirmed that the audit query stands since the reconciliations have not been done.

7.2 Bursary to Secondary Schools

The Committee was informed that included in other grants and transfers figure of Ksh. 51,807,773 are bursaries to secondary are bursaries to secondary of Ksh. 2,134,500 and bursaries to tertiary institution of Ksh. 9,121,119. In addition, although payment records reflected that the funds were disbursed, there were no official receipts and acknowledgement letters from the beneficiary institutions to confirm that the funds were actually received.

Management Response

The Management responded that CDF Committee awarded and disbursed bursary amounting to Ksh. 9,121,119 to needy students. The acknowledgement letters were received from school and forwarded for audit review

The Auditor confirmed that some of the acknowledgements have been reviewed.

7.3 Road Projects

The Committee was informed that roads project of Ksh. 30,857,763 while supporting payment documents for the projects amounted to Ksh. 26,679,335 resulting to un-reconciled and unexplained difference of Ksh. 4,178,428.

Management Response

The Funds Account Manager informed the Committee that the following payment vouchers were not availed as indicated in Annex 13.

Kadinda Michura Road	5,000,000.00	Atlantic ventures Ltd	179	3,454,760.90 *
Sondu - Obuora Road	5,000,000.00	Aroma Developers	180	4,091,379.50 *
		Commisioner of domestic tax	180	150,000.00 *
		Commisioner of domestic tax	180	258,620.50 *
Sondu - Kaseda Road	7,200,000.00	Nam Rajope	246	7,364,483.10 *
		Commisioner of domestic tax	246	270,000.00 *
		Commisioner of domestic tax	246	465,516.90 *
Polo Piach Road	2,000,000.00	Nam Rajope Supplies	309	1,357,192.40 *
		comm of domestic tax	309	85,789.60 *
		comm of domestic tax	309	49,758.00 *
Total				13,456,121

The Auditor confirmed that vouchers to support Kshs. 4,178,428 difference was not availed for audit review.

(i) Kadinda – Muchira Road

The Committee was informed that Kadinda- Muchira road project had been awarded to a contractor at a contract sum of Ksh. 6,222,000 out of which Ksh. 5,291,312 had been paid to the contractor while the contract did not specify the kilometers to be covered. In addition the road was not among those planned for in the financial year 2015/2016 and as such the funds spent for the roads were reallocated from other item but without authority from the board. Physical verification revealed that the total culverts constructed were only 17 out of 72 which had been paid for at the cost of Ksh. 648,000. The contractor had not accounted for Ksh. 495,000 for the missing culverts and no fee was retained by the fund management and thus it was not clear how the defect liability period was to be covered. Further, no inspection and acceptance report was availed for audit verification.

Management Response

The Manager responded that Kadinda – Muchira road project was approved by the board in Financial Year 2014-15 at a cost of Ksh. 5,000,000. Due to delay in receipt of funds the project was implemented in financial year 2015-2016. The unit of measurement of the culverts to be installed was in meters and not in numbers. The contractor was therefore required to install 72 meters culvert and not 72 in numbers. The constituency relied on payment certificates issued by KERRA for processing of payments

The Auditor confirmed that the road was budgeted in the year 2014/2015 and the Code list shows that the project was approved. The issue of culverts was resolved through measurements undertaken and there was no retention fee.

(ii) Sondu – Kaseda Road

The Committee was informed that the road was for Kshs. 5,000,000 while a monthly return reflected allocation of Kshs. 7,200,000. In spite of the allocation the auditor pointed out that Ksh. 7,364,483 was paid to two contractors resulting in an overpayment of Kshs. 2,364,483 without approval of the board.

Management Response

The response given stated that Sondu Kaseda Road was done by two contractors to speedily open the access roads to mainly farmers on the region who use to access Sondu market by ferrying their produce. The over payment may have resulted by variation of contracts for additional work of opening channels and unclogging of waterlogged areas. The consultations are ongoing with the department of roads and public works in order to ascertain the over payment done through the variations of contracts.

The Auditor confirmed that the road was within the kilometres approved for construction and that the tender documents have not been reviewed.

7.4 Security Project

The Committee was informed that included in the other grants and transfers figure of Ksh. 51,807,773 is security projects of Ksh. 1,898,327 which had been supported by documents totaling Ksh. 1,374,053 resulting to unreconciled and unexplained difference of Ksh.

524,274. In addition no tender documents were availed for audit verification to indicate how the contract was identified and prequalified list of contractors was also not availed.

Management Response

The Management responded that the allocation of Ksh 2,000,000 budgeted under security a project was utilized for construction of Kapsokor Police base. The payments were done as follows:

Payee	Date			
Petmag	2/2/2016	269	6840	
Comm tax	2/2/2016	269	6843	71,071.70
Comm tax	2/2/2016	269	6845	96,291.70
Petmag	13/4/2016	307	7150	511,725.00
Comm tax	13/4/2016	307	7152	32,346.70
Comm tax	13/4/2016	307	7153	62,537.00
Total				1,898,326.8

The Auditor confirmed that the reconciliation for Kshs. 524,274 has not been availed for review and the tender documents for selection of M/s Petmag has not been supplied.

7.5 Sports Project

The Committee was informed that included in the other grants and transfers figure of Ksh. 51,807,773 are sports projects of Ksh. 1,965,500. However, complete expenditure returns including cashbooks, bank statements invoices and other relevant accounting documents were not provided for audit review.

Management Response

The management responded that the committee utilized the funds for holding tournaments within the constituency to identify and nurture sports talent.

Auditor confirmed that there were no supporting documents to show how the funds were utilized.

7.6 Environment Projects

The Committee learnt that included in the other grants and transfers figure of kshs 51,807,773 in environment projects figure of Ksh. 1,960,000 which was not budgeted for in the year under review.

In addition payment vouchers availed for audit review did not have critical supporting information like official receipts and acknowledgement letters from the beneficiary institutions to confirm that the seedlings were received.

Management Response

The management responded that the Committee allocated Ksh. 2,000,000 in financial year 2014-2015 but the funds were disbursed to the Constituency in financial year 2015-2016.

The Ksh. 1,960,000 utilized in financial year 2014-2015 was approved in financial year 2014-2015 and the payment vouchers and approved code list were verified.

The Auditor confirmed that there was an allocation of Ksh. 2,000,000 in the 14/15 code list. The Auditor informed the Committee that the management should confirm how many trees were to be purchased by the selected supplier and the full distribution list be availed for review. The Auditor acknowledged that only 300 trees have been received by the beneficiaries.

7.7 Emergency Projects

The Committee was informed that included in the other grants and transfers figure of Ksh. 51,807,773 and emergency projects worth Ksh. 3,870,564. However, the relevant accounting documents were not provided for audit review. Further the use of emergency funds did not meet the threshold set for urgent and unforeseen needs for expenditure as required by section 8 (3) of the NGCDF Act 2015.

Management Response

The Management responded that they applied Section 12 (3) Emergency - stating the criteria that guided the Committee when funding for emergencies law there are three criteria that guide committees when funding emergencies i.e.

- i). that the expenditure is URGENT and cannot wait funding in the next cycle
- ii. that the expenditure is UNFORESEEN, therefore the committee could not have foreseen it to factor it in their normal funding cycle
- iii) that it is the OPINION OF THE COMMITTEE it met the above two criteria and that the public interest would suffer if not funded immediately.

The Committee was further informed that Nyakach constituency is vulnerable to natural calamities such as floods which led mainly to collapse of school infrastructure. The funds were utilized as follows:-

Particulars	Date	PV No.	Cheque No.	Amount
Aomo Pri Sch	9/7/2015	175	6356	110,000.00
Aomo Pri Sch	9/7/2015	175	6358	40,000.00
Kasawo Pri Sch	16/7/2015	176	6359	300,000.00
Democo Supplies	22/7/2015	181	6380	1,612,690.00
Commission of domestic tax	22/7/2015	181	6381	101,939.00
Commission of domestic tax	22/7/2015	181	6383	59,125.20
Democo Ret.	22/7/2015	181	6384	197,084.00
Nyogam Motors	22/12/2015	236	6548	448,000.00
Nyabondo Boys	24/3/2016	278	7139	200,000.00
Agai Sec Sch	30/3/2016	304	7403	100,000.00
Bristar Investment	19/4/2016	308	7156	701,724.20
Total				3,870,564.20

The Auditor informed the Committee that the following vouchers were availed for review but failed to confirm whether the activity undertaken falls under the category of emergency:-

- i) Aomo – Kshs 150,000 for sunken toilets due to the rains. Thus an emergency
- ii) Demco suppliers – Kshs 1,612,690 for Ndare-chief camp-kananda road.
- iii) Nyogam Motors – kshs 448,000 – repair of KBB 586T.

iv) Bristar Investment – Kshs 701,724 for painting of CDF office.

8. Cash and Cash equivalents

The Committee was informed that the financial statements reflect bank balance figure of Ksh. 1,754,949 while the reconciled cashbook balance is Kshs. 1,492,271 resulting to unreconciled figure of Kshs. 262,677.

Consequently the accuracy and validity of the cash and cash equivalents of ksh 1,754,949 as at 30 June 2016 could not be confirmed

Management Response

The Management agrees with the audit findings that bank balance of Ksh. 1,754,949 was utilized in preparation of the financial statement and confirmed that the reconciled cashbook balance as at 30th June 2016 was Ksh. 1,754,949.

The Auditor confirmed that the subsequent reconciliations for 2016/17 and 2017/18 have been reconciled and the differences addressed.

9. Outstanding Imprests

The Committee was informed that included under the statement of assets is cash and cash an equivalent of Ksh. 3,927,449 is Ksh. 2,172,500 outstanding imprest. However, the corresponding under note 8B the figure representing outstanding imprest has been omitted.

Consequently, the accuracy and validity of the outstanding imprest of Ksh. 2,172,500 as at 30th June 2016 could not be confirmed.

Management Response

The Management acknowledged that they erroneously captured outstanding imprest for financial year 2014-2015 amounting to Ksh. 2,172,500 in financial year 2015-2016 financial statements. The Committee further learnt that the error has been amended to reflect the correct figures.

The Auditor confirmed that the financial statement for 2016/2017 was availed for review and the outstanding imprest adjusted through journal vouchers.

MIN.NO./NA./SFAC/2018/295 - ADJOURNMENT

There being no other business the meeting was adjourned at 12.30 p.m.

SIGNED.....

HON. KATHURI MURUNGI, M.P

(Chairperson)

DATE.....

08/11/2018.

MINUTES OF THE 64TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON THURSDAY, 23RD OCTOBER, 2018 IN COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. Hon. Kathuri Murungi, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P - Vice Chairperson
3. Hon. Geoffrey Omuse, M.P
4. Hon. Marwa Kitayama Maisori, M.P
5. Hon. Irene Kasalu, M.P
6. Hon. Esther Passaris, M.P.
7. Hon. James Kamau Wamacukuru, M.P

APOLOGIES

1. Hon. Mark Lomunokol, M.P
2. Hon. Alfred Agoi Masadia, M.P
3. Hon. Erastus Kivasu Nzioka, M.P
4. Hon. Rehema Jaldesa, M.P
5. Hon. Mwambu Mabongah, M.P
6. Hon. Dennitah Ghati, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Shakeel Shabbir Ahmed, M.P
10. Hon. Mohamed Ali, M.P
11. Hon. Jared Okelo, M.P
12. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

NYAKACH NG-CDF DELEGATION

1. Mr. Dalmas Ndonga - Nyakach Funds Account Manager
2. Mr. Jakoo Miyumo - Former Funds Account Manager Nyakach NG-CDF/Current Funds Account Manager Alego Usonga NG-CDF
3. Ms. Beatrice Otuno - Accountant I/NG-CDF Board
4. Ms. Elizabeth Kitundu - Programme Manager/NG-CDF Board
5. Mr. Evans O. Achar - Principal Accountant

THE NATIONAL TREASURY

1. Mr. Geoffrey Mwitari - Asst. Accountant General
2. Mr. Francis N. Kabui - Manager – Audit

OFFICE OF THE AUDITOR GENERAL

3. Mr. Peter Njoroge - Manager (Kisumu County)
4. Mr. Joshua Kereda - Deputy Director of Audit (Kisumu County)

COMMITTEE SECRETARIAT

- | | | |
|---------------------------|---|-------------------------|
| 1. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 2. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 3. Ms. Deborah Mupusi | - | Media Relations Officer |
| 4. Mr. Ian Otieno | - | Audio Officer |
| 5. Mr. Josephat Bundotich | - | Serjeant-At-Arms |
| 6. Mr. Meshack Mutali | - | Office Assistant |

MIN.NO./NA./SFAC/2018/288 - PRELIMINARIES

The Chairperson called the meeting to order at 10.15 a.m. with a word of prayer from Hon. Geoffrey Omuse, M.P. The agenda was adopted as follows:-

1. Prayers
2. Preliminaries
3. Confirmation of minutes;
4. Matters arising;
5. **Meeting with the Funds Account Manager, Nyakach NG-CDF on the audited reports for the financial years 2013/14, 2014/15 and 2015/16.**
6. Any Other Business.

MIN.NO./NA./SFAC/2018/289 - CONFIRMATION OF MINUTES

The confirmation of minutes was rescheduled to the next meeting and therefore there were no matters arising.

MIN.NO./NA./SFAC/2018/290 - MEETING WITH THE FUNDS ACCOUNT MANAGER, NYAKACH NG-CDF ON THE AUDITED REPORTS FOR THE FINANCIAL YEARS 2013/14, 2014/15 AND 2015/16.

SUBMISSIONS FROM NYAKACH CONSTITUENCY

Evidence on the report of the Auditor General on the financial statements of Nyakach Constituency National Government Constituencies Development Fund for the financial year 2014/15.

Mr. Dalmas Ndonga, the current Fund Manager accompanied by Mr. Jakoo Miyumo, the former Fund Manager and now the Fund Manager, Alego Usonga constituency, appeared before the Committee on 23rd October 2018, to adduce evidence on the audited accounts of Nyakach Constituency Development Fund for the year 2014/15.

Mr. Dalmas Ndonga was accompanied by the following officers:-

- | | |
|--------------------------|--|
| 1. Mr. Jakoo Miyumo | - Former Nyakach Fund Account Manager/Alego Usonga |
| 2. Ms. Elizabeth Kitundu | - Programme Manager/NG-CDF Board |
| 3. Ms. Beatrice Otuno | - Accountant I/NG-CDF Board |
| 4. Mr. Evans O. Achar | - Sub County Principal Accountant |

and gave evidence as follows:-

FINANCIAL YEAR 2014/2015

1. Inaccuracies of the Financial Statements

(i) The Committee was informed that the statement of financial assets disclosed a fund balance brought forward figure of Kshs. 14,421,059 as at 30 June 2015 instead of Kshs. 4,687,445 as reflected in the 2013/14.

Management Response

The Funds Account Manager responded that the balance brought forward was different from the closing balance of the previous financial year 2013/14 and the correct opening balance has been reconciled and brought on board. The matter has been resolved.

(ii) The Committee was informed that the surplus of the year of Kshs. 18,955,291 as at 30 June 2015 was not disclosed.

Management Response

The response indicated that the surplus which was not disclosed in the initial financial statement has been amended and included in the statements of financial assets. The Auditor General informed the Committee that the matter has been resolved after the amendments have been done and verified.

(iii) The Committee learnt that the summary statements of appropriation indicate that the current years budget figures as Kshs. 70,675,329 *vis a vis* the records from CDF Board which indicate the final approved budget figure as Kshs. 110,311,610 resulting in a variance of Kshs. 39,636,281.

Management Response

The response given by the Funds Account Manager indicated that Nyakach Constituency had an approved budget of Kshs. 110,311,611 in the financial year 2014/15 and Kshs. 70,675,329 was erroneously reflected in the statements of appropriation. The Committee was informed that the information of the financial report of 2014/15 was erroneously lifted from the statement of appropriation of financial year 2013/14.

The Auditor General informed the Committee that the matter has been amended to reflect the correct approved budget.

(iv) The Committee was informed that the examination of payment vouchers and schedules supporting the balances as disclosed in the financial statements for the period ended 30 June 2015 revealed that various payment vouchers under different items were not availed for audit as shown in the table below:-

Item	Total of payment vouchers availed for audit Kshs.	Total as reported in the financial statement Kshs.	Variance Kshs.
Use of Goods and services	3,336,000.00	4,555,000.00	1,219,000.00
Other grants and	57,577,813.49	58,400,000.00	822,186.51

other payments			
Transfer to other governments units	21,020,000	37,720,000	16,700,000

Management Response

The Committee was informed that the variances of use of goods and services; other grants and other payments and also transfer to other government units was brought about by accounting errors during the posting of financial statements.

The Auditor General confirmed that the errors have been reconciled and the statement verified.

2. Total Financial Assets

The Committee was informed that the total financial assets included figure of Kshs. 14,595,059 as at 30 June 2015, with bank balance of Kshs. 14,421,051 and outstanding imprest of Kshs. 174,000.

(i) The Committee noted that the bank balance of Kshs. 14,421,059 was Kshs. 2,645,621 as unrepresented cheques which had become stale.

Management Response

The response given by the Funds Account Manager stated that the unrepresented cheques of Kshs. 2,645,621 were mostly bursary cheques which had been issued but not presented to the bank by the beneficiaries.

The Auditor General confirmed that the cheques have been reversed and issued to the new deserving beneficiaries.

Committee Observation

The Funds Account Manager should ensure that the bursary cheques have been credited and beneficiaries acknowledge receipt of the money. Further, the Auditor should give guidelines on dispensing the stale cheques and acknowledge receipts by the schools.

(ii) The Committee was informed that the bank balance confirmation certificate was not availed for audit verification.

Management Response

The Committee was informed that at the time of audit the bank balance confirmation certificate was not availed to the auditors since it had not been received from the bank.

The Auditor confirmed that the matter has been resolved after the verification of the certificate.

(iii) The Committee was informed that the outstanding imprest balance of Kshs. 174,000 had not been surrendered as at 30 June 2015.

Management Response

The Funds Account Manager acknowledged the delay in accounting for imprest.

The Auditor confirmed that the matter remains unresolved, although the cash book has been availed for verification, the evidence of surrender documents has not been submitted.

Committee Observation

The Funds Account Manager did not comply with Public Finance Management Act 2012 and Public Finance Regulations 2015.

(iv) The Committee was informed that the payment vouchers amounting to Kshs. 27,880,090 had not been posted in the cash book.

Management Response

The response given stated that the delay in posting the payments vouchers to the cash book was caused by staff shortage at the District Treasury. The Committee was then informed that the cashbook has been updated and submitted to the Auditor for verification and therefore the outstanding imprest has since been surrendered.

The Auditor confirmed that the cashbook and further reconciliation for the ear 2016/2017 indicate that the postings have been done. The matter has been resolved.

(v) The audit query states that there were unexplained and unreconciled receipts in bank statements not recorded in cash book amounting to Kshs. 2,176,390.40.

Management Response

The Funds Account Managed informed the Committee that the receipts in the bank statements were retention deposits for works done by various contractors namely; - Nam Rajope supplies and Ruke Engineering works. However the management agreed with the Auditor General that they were slow in recording the receipts in the cashbook. The matter has been verified through (Folio 40 and 70) of the cash book.

The Auditor informed the Committee that the reconciliation has been done and the matter resolved.

3. Transfers to other Government Entities

The Committee was informed that the transfers to other government entities included the figure of Kshs. 37,720,000 was Kshs. 20,700,000 disclosed in the financial statements as transfers to secondary schools which differ with the payment vouchers provided for audit totaling Kshs. 7,656,700 resulting in a variance of Kshs. 12,343,300.

Management Response

The Funds Account Manager responded that the disbursement of secondary school variance of Kshs. 6,594,000, the disbursement of tertiary variance of Kshs. 6,124,500 and disbursement of special schools variance of Kshs. 355,200 was brought about by accounting errors during the posting of financial statements at the District Treasury.

The Auditor confirmed that the matter has been reconciled in the financial statements for the 2016/2017.

(i) The audit query included the payments for bursaries to Phoenix Driving School Kshs. 3,250,000 in respect of training 300 youths from Nyakach Constituency. The Committee was informed that the Tender opening and Contract award meeting were held on 8th December 2014.

Management Response

The response given stated that the Committee had no other agenda for the day. The contract was awarded to Phoenix Driving School having been the lowest bidder quoting Kshs. 3,250,000.

Committee Observation

The procurement rules and regulations were not adhered to.

(ii) The Committee was informed that the minutes for the meetings had not been signed by the Chairperson.

Management Response

The response given stated that the minutes were signed and availed for verification. The Auditor confirmed that the minutes were signed and the matter resolved.

(iii) The Committee was informed that the training programme attended by beneficiaries was not availed for audit review.

Management Response

The Funds Account Manager informed the Committee that the training programme was drawn by the trainer who did not submit the programme.

The Auditor confirmed that the matter has been resolved after verifying the 300 driving licenses issued to the 300 youths.

4. Unaccounted for tree seedlings

The Committee was informed that included in the other grants and transfer figure of Kshs. 81,260,000 was Kshs. 1,960,000 paid to Toheja Enterprises for supply of tree seedlings.

(i) The audit query stated that it was unclear how the supplier was identified to supply the seedlings and that the tree seedlings were not received in stores by raising a counter receipt voucher.

Management Response

The response given stated that Toheja Enterprises was chosen after emerging as the lowest bidder.

Toheja suppliers who quoted Kshs 1,960,000; Kasasa Self Help Group who quoted Kshs 2,400,000 and Young Sangoro Self Help Group who quoted Kshs 3,000,000.

The Auditor informed the Committee that the matter has been resolved, although the quotation was verified and confirmed using LSO instead of the LPO. The seedlings were

distributed directly to the schools without signing the SII and S13 Forms to confirm delivery and receipt by schools.

(ii) The Committee was informed that Nyakach Constituency Development Fund attached a Local Service Order (LSO) to the payment voucher instead of a Local Purchase Order (LPO).

Management Response

The Funds Account Manager informed the Committee that the attached Local Service Order was erroneously made and the mistake rectified.

Auditor informed the Committee that the LSO No. 0558321 was used instead of an LPO and therefore the matter remains unresolved.

(iii) The Committee was informed that No delivery note(s) was availed for audit examination to confirm delivery of tree seedlings and the actual number delivered.

Management Response

The Funds Account Manager said that the seedlings were delivered but failed to attach a delivery note as part of the supporting documents. The delivery note has since been allocated and is available for verification.

The Auditor confirmed that a signed list detailing the names of institutions and the number of seedlings has been availed and 10,000 seedlings were distributed to the institutions. The matter has been resolved.

(iv) The audit query stated that the tree seedlings were not received in stores by raising a counter receipt voucher (form S13) nor were they entered in the stores ledger and subsequently issued out by the use of a counter issue voucher (formS11).

Management Response

Counter receipt voucher was raised but due to accounting errors on our side we admit that there was negligence in attaching the form S13 to the payment voucher as part of the supporting documents. The seedling trees purchased were taken on charge in line with Public Procurement and Disposal Act 2015.

The Auditor confirmed that the said S13 has not been availed for audit verification but a signed distribution list availed and the matter resolved.

(v) The Committee was informed that the tree seedlings were not inspected as to their quality and quantity by the inspection and acceptance committee.

Management Response

The response given was in agreement with the findings that deliveries were not checked by the Inspection and Acceptance Committee because the committee was not constituted.

The Auditor confirmed the matter has not been resolved.

(vi) The Committee was informed that the Fund Management was unable to confirm where the tree seedlings were planted during audit inspection.

Management Response

The response given was that the trees were planted to many public institutions and other public utilities such as markets.

The Auditor informed the Committee that the list of the institutions has been provided but could not confirm whether the trees were received from Koguta forest and thereafter planted.

5. Unaccounted for Fuel

The Committee was informed that Included in the use of goods and services figure of Kshs 4,555,333 is Kshs 1,300,000 on the expenditure of fuel, oil and lubricants not accounted for as follows;-

(i) The fuel register was poorly maintained hence it was not possible to reconcile as to how many litres of fuel was being issued out for the vehicles

Management Response

The response give stated that the challenges with maintaining fuel registers in the past were due to staff constraints. The register has been reconciled with the detail orders and availed for verification.

The Auditor has confirmed that the fuel register has been provided together with the detailed orders. The matter has been resolved.

(ii) The Committee was informed that there was no detail orders availed for our audit examination that Government Vehicles were being fuelled.

Management Response

The Funds Account Manager acknowledged that the Detail orders were not availed at the time of audit. However, the detail orders have been submitted to the Auditor for verification.

The Auditor confirmed that the matter has been resolved after verifying the detail orders.

(iii) The audit query states that Departmental voucher No.068, showed that 2,000 litres diesel worth Kshs. 200,000.00 was procured vide invoice/delivery note number 003 Of 2 December 2014 without a Local Purchase Order (LPO), hence no valid contract was in place.

Management Response

The response given indicates that the Local Purchase Order number 001638413 was erroneously omitted from the payment voucher. It has since been located and is available for verification. The contract to supply fuel was valid since the supplier identifies to supply fuel was in the list of prequalified suppliers.

The Auditor confirmed that the LPO No. 001638413 has been seen and verified.

(iv) The Committee was informed that Nyakach Constituency Development Fund Motor Vehicle is registered with a private number plate KBB 586T and therefore the vehicle is open to misuse without detection. Fuel costs incurred by the vehicle cannot be confirmed to have been applied for the CDF.

Management response

The Funds Account Manager informed the Committee that the vehicle was procured and supplied to CDF by Toyota East Africa and a logbook issued whose vehicle particulars were registered as KBB 586T.

The Auditor informed the Committee that the vehicle's log book is still with the Board to facilitate the change of registration from private to GK.

2.0 PROCUREMENT OF WORKS

2.1 Construction of Sondu – Kaseda Road

The audit query stated that included in the other grants and transfer figure of Kshs. 81,260,000 was Kshs 10,619,455 paid to Polo Piach Holdings, Kshs. 4,988,349 and Nam Rajope Supplies and Services Ltd Kshs. 6,772,850 in respect of Construction of Sondu Kaseda Road Phase I and II respectively.

The following observations were noted:-

(i) The Committee learnt that no tendering documents were availed for our audit for phase II of opening and improvement of Sondu- Kaseda Road which was awarded to Nam Rajope Supplies & Services Ltd

Management Response

The Funds Account Manager said that the tendering documents awarding Nam Rajope for improvement of Sondu-Kaseda Road were availed for verification and however regret the omission to attach the documents to the payment voucher.

The Auditor confirmed that the quotations for the bidders have been submitted for verification and advised that the management ought to have used the open tendering method for works above Kshs. 4,000,000.

(ii) The Committee was informed that it was not explained why a payment of Kshs. 6,229,855 was made to Nam Rajope Supplies and Services instead of Polo Piach Holdings for Phase I of the project yet he was not awarded the contract as per records made available for our audit.

Management response

The Management responded that Nam Rajope was rightfully paid for phase I of Sondu – Kaseda Road and that the confusion was necessitated by Nam Rajope having done a road called Polo Piach.

The Auditor informed the Committee that the Contracts documents for awarding Nam Rajope were not availed for audit verification.

(iii) The Committee learnt that a total of Kshs. 10,619,455 paid to the Contractors without inspection and acceptance committee reports. Thus this was contrary to Section 17 of the Public Procurement and Disposal Regulations, 2006.

Management response

The response stated that the Inspection and Acceptance Committee was not instituted and consultations are ongoing with the procurement department at the sub county to develop the committee to enhance value for money for people of Nyakach.

The Auditor Continuous inspection reports not availed, however, the final completion certificate by Kenta Rural Roads Authority dated 19/9/2016 provided.

(iv) The Committee was informed that the contract was not reported to the Public Procurement and Oversight Authority (PPOA) which was contrary to Section 46 subsection 1 of the Public Procurement and Disposal Act 2005.

Management Response

The Management acknowledged that they did not report the contract to the Public Procurement Oversight Authority and thus contravene the provisions of the Public Procurement Disposal Act.

The Auditor confirmed that the management failed to report the contract to Public Procurement Oversight Authority.

(v) The Committee was informed that an amount of Kshs.100,000 was included in the bill of quantities in respect of provisional sum which was not accounted for.

Management Response

The Management responded that payment was done based on the certificates of works provided by the contractor and completion certificates.

The Auditor confirmed that the management failed to submit separate support for use of provisional sums provided.

(vi) The Committee learnt that no retention money was deducted from the payments made to the contractor to cover for any defect liability period.

Management Response

The management acknowledged that the retention fee was factored in during the signing of the contract but erroneously not deducted after the work was completed.

The Auditor confirmed that the retention fee was not deducted after the final works were certified by Kenya Rural Roads Authority.

2.2 Construction of Olwalo Bridge in River Olwalo

The Committee was informed that included in the other grants and transfer figure of Kshs.81,260 was Kshs.9,227,493 paid to Elterics East Africa Limited for the construction of Olwalo Bridge and River Olwalo. However, the following were noted:

i. The Committee learnt that the quotations were used instead of open tendering in total disregard of the Public Procurement and Oversight Authority (PP)OA) which was contrary to Section 46 subsection 1 of the Public Procurement and Disposal Act 2005.

Management Response

The Funds Account Manager acknowledged that the tender was awarded through the restricted tendering method and M/s Elterics won the tender as the lowest bidder. among the list of prequalified suppliers.

The Auditor confirmed that the management awarded the tender using quotations as opposed to open tender method.

(ii) The Committee was informed that no contract agreement was availed for audit.

Management Response

The management responded that the contract agreement has been submitted to the Auditor for verification.

The Auditor confirmed that the Contract agreement has been submitted for verification but requires the seal, signature and stamp of the contractor.

(iii) The Committee was informed that included in the statement for payment on account number three (3) was a sum of Kshs.1,305,720.65 which was for additional works but was not supported with site instructions and documentary evidence as to how it was arrived at.

Management Response

Find attached variation documents that shows how we arrived at paying for additional works of Kshs 1,305,720.65

The Auditor confirmed that the Variation document has been submitted for verification and therefore the matter resolved.

(iv) The Committee learnt that the contractor was paid Kshs. 9,227,493 without the report of the Inspection and Acceptance Committee contrary to Section 17 of the Public Procurement and Disposal Regulation 2006.

Management Response

The Funds Account Manager stated that the Inspection and Acceptance Committee was not constituted and confirmed that consultations are ongoing with the procurement department of the Sub County to develop the committee.

The Auditor confirmed that Inspection and Acceptance Committee was not in place and therefore the works were certified by the Regional Engineer for Kenya Rural Roads Authority.

(v) The Committee was informed that included in the Bill of Quantities was a provisional sum of Kshs.450,000 for supervision. This amount was not accounted for with documentary evidence.

Management Response

The Management responded that payments were made based on certificates raised by the contractor.

The Auditor confirmed that the management failed to submit separate support for use of provisional sums provided.

(vi) The Committee was informed that physical verification of the project on 15 January 2016, revealed that works totaling Kshs. 2,074,4000 were not carried out.

Management Response

The Funds Account Manager responded that the certificates of work were submitted to the Auditor for verification.

The Auditor informed the Committee that physical verification of the works should be undertaken in order to obtain the final completion certificate.

(vii) The Committee was informed that included in the Bill of Quantities (BQ) 5% of subtotal for contingencies to be expended on the engineers approval was a balance of Kshs. 370,064 which was not accounted for with documentary evidence.

Management Response

The Funds Account Manager stated that the certificates of work have been availed for verification.

The Auditor confirmed that the contingency amount does not have sufficient support documents.

2.3 Construction of North Footbridge on River Nyando

The Committee was informed that included in the other grants and transfer figure of Ksh. 81,260,000 was Kshs. 7,289,999 paid to M/s Elterics EA Limited for Construction of North ward footbridge on River Nyando.

However, the following observations were made in the construction work: -

(i) The Committee learnt that quotations were used instead of open tendering in total disregard of the Public Procurement and Disposal Act 2005. The contract was not reported to the Public Procurement and Oversight Authority (PPOA) which was contrary to Section subsection 1 of the Public Procurement and Disposal Act 2005.

Management Response

The Funds Account Manager responded that restricted tendering method was used and among the list of prequalified suppliers M/s. Elterics won the tender as the lowest bidder among those firms who had bid.

The Auditor informed the Committee that quotations were used as opposed to open tender method.

Committee Observation

It was observed that the management failed to report the contract to Public Procurement Oversight Authority and did not adhere to the provisions of the Public Procurement Disposal Act. Quotations used as opposed to the open tender method.

(ii) The Committee learnt that Tender documents were not availed for audit verification.

Management Response

The response given stated that the Tendering documents for award of M/s. Elterics for construction of North Ward Bridge were done and available for verification. The management acknowledged that they regret the omission that the documents were not attached to the payment voucher.

The Auditor confirmed that they verified the works through the opening minutes, the award meeting and the BQ and therefore satisfied with the submissions. However, the evaluation report is yet to be availed.

(iii) The Committee was informed that the Contractor was paid without Inspection and Acceptance Committee reports.

Management Response

The management confirmed that the Inspection and Acceptance Committee was not constituted and were in consultation with the procurement department at the Sub County to develop the committee to enhance value for money for people of Nyakach.

The Auditor confirmed that the Inspection and Acceptance Committee was not in place and hence restrained to obtain the certification report for the works officer.

(iv) The Committee was informed that included in payment certificate number two (2) was a provisional sum of Kshs.400,000 for supervision. This amount was not accounted for with documentary evidence as to how it was spent.

Management Response

The management acknowledged that payments were made based on the certificates issued by the Contractor.

The Auditor confirmed that the management has not submitted separate support for use of provisional sums provided in the payment.

(v) The Committee was informed that Statement for payment on account certificate number one (1) and two (2) for Kshs. 6,786,000 and Kshs.1,459,999 no clear and detailed breakdown was availed for audit examination to determine how the amounts were arrived at.

Management Response

Kindly find attached certificates of work done

The Auditor confirmed that the statement for payment on account only indicates the summary but requires the broken down figures from the works officer.

(vi) The Committee learnt that the contractor was not on site as at the time of our audit verification.

Management Response

The Funds Account Manager confirmed that the contractor was on site except for the delay in mobilizing equipment and materials on site. The Committee was informed that the bridge was completed and serving the intended purpose.

The Auditor informed the Committee that the physical verification of the works should be undertaken and the final completion certificate obtained.

2.4 Rehabilitation of Nyamaroka – Sigoti Road

The Committee was informed that included in the other grants and transfer figure of Kshs. 81,260,000 was Kshs. 6,897,258 paid to Aroma Developers Limited for improvement of Nyamaroka-Sigoti road.

The following were however noted:

- (i) That no explanation was availed as to why quotations were used instead of open tendering.

Management Response

The Funds Account Manager responded that the management resolved to undertake restricted tendering among the list of prequalified suppliers. Aroma Developers won the tender as the lowest bidder among the firms who had bid. The management acknowledge the omissions undertaken and promise to adhere to the provisions of Public Procurement Oversight Authority and Public Procurement Disposal Act.

The Auditor confirmed that the quotations procedure was used as opposed to the open tendering method.

- (ii) The Committee learnt that a total of Kshs. 4,050,000 was paid to the Contractor without Inspection and Acceptance Committee reports contrary to Section 17 of the Public Procurement and Disposal Regulations 2006.

Management Response

The response given stated that the Inspection and Acceptance Committee was not constituted and that consultations are ongoing with the procurement department at the sub-county to develop the Committee to enhance value for money for Nyakach people.

The Auditor confirmed that no Inspection and Acceptance Committee was in place and therefore became unfruitful to obtain the certification report for the works officer.

- (iii) The Committee was informed that the contract was not reported to the Public Procurement and Oversight Authority (PPOA) contrary to section 46 subsections 1 of the Public Procurement and Disposal Act 2005.

Management Response

The Funds Account Manager acknowledged that the management failed to report the contract to the Public Procurement oversight Authority thus contravening the provisions of the Public Procurement Disposal Act.

The Auditor confirmed that the contract report had not been sent to PPOA.

(iv) The Committee noted that no contract documents were made available for the audit examination and confirmation.

Management Response

The response given stated that at the time of audit the contract agreement was not attached to the payment voucher but has been availed for verification.

The Auditor confirmed that the contract agreement has been availed but is not signed by the contractor and witnesses.

(v) The Committee was informed that the Physical verification of the project 18/01/2016 works totalling Kshs. 614,174 revealed that Nyakach Constituency did not receive value for its money on the improvement of Nyamaroka – Sigoti road because the contractor was not competitively sourced.

Management Response

The Funds Account Manager responded that the people of Nyakach Constituency received value for money.

The Auditor confirmed that they have undertaken the physical verification of the works and obtain the final completion certificate. The work was done to the satisfaction of the Constituency and value for money was achieved. The matter has been resolved.

2.5 Construction of Bodi – Michura Road

Further included in the other grants and transfer figure is Kshs 81,260,000 was Kshs 10,619,455 paid to Nam Rajoje supplies and Services for improving Bodi – Michura Road.

The following observations were however made:-

(i) The Committee was informed that a total of Kshs 3,885,000 was paid to the contractor without inspection and acceptance committee reports contrary to section 17 of the Public Procurement and Disposal Regulations 2006.

Management Response

The Management responded that the Inspection and Acceptance Committee was not constituted.

The Auditor confirmed that there was no Inspection and Acceptance Committee in place and therefore could not manage to obtain the certification report for the works officer.

(ii) The Committee learnt that Nyakach Constituency Development Fund paid Nam Rajoje Supplies and Services a sum of Kshs. 3,885,000 although the letter of contract sum was Kshs. 2,500,000

Management Response

The Management acknowledged that they submitted wrong documents to the Auditors at the time of audit. The correct documents have been submitted for verification.

The Auditor confirmed that the variation report has not been availed to support the additional payments and therefore the matter remains unresolved.

(iii) The audit query indicated that no contract agreement was availed for our audit examination.

Management Response

The Funds Account Manager informed the Committee that the contract agreement was availed for verification.

The Auditor confirmed the signed agreement.

(iv) The Committee was informed that statements for payment on certificate number one (1) and two (2) for Kshs. 1,990,200 and 2,500,000 respectively were not supported by any analysis of amounts and of work done. It was also noted from the bill of quantities that grading and gravelling were to cost Kshs. 2,101,200 but the certificate shows that grading and gravelling cost Kshs. 2,500,000 which has not been supported.

Management Response

The management responded that consultations were ongoing with the clerks of work from the Ministry of Works in order to provide the analysis of the work done. The reconciliations will establish the variations that may have led to the contract shooting from Kshs 2,101,200.

The Auditor confirmed that the Management to furnish the breakdown for the statement (1) and (2) and provide supporting documents on why grading and gravelling costs were more by Kshs. 398,800.

(v) The Committee learnt that no retention money was deducted from payment certificate number 1 of Kshs. 1,990,200.

Management Response

The Management acknowledged that retention money was not deducted and the work was satisfactorily executed by the Contractor to the satisfaction of the Client.

The Auditor confirmed that No retention fee was withheld and the Management should provide the final completion certificate to confirm all works were satisfactorily done.

2.6 Construction of Kadinda – Michura Road

Included in the other grants and transfer figure of Kshs 81,260,000 was Kshs 4,222,000 paid to Atlantic Ventures Limited to carry works of opening and improvement of Kadinda – Michura Road.

The following observations were however made on the works;-

(i) The Committee was told that a total of Kshs 3,419,820 was paid to the contractor without the inspection and Acceptance committee reports contrary to Section 17 of the Public Procurement and Disposal Regulations 2006.

Management Response

The Management responded that the Inspection and Acceptance Committee has not been constituted.

The Auditor confirmed that the Inspection and Acceptance Committee is not in place and the matter remains unresolved.

(ii) The Committee was informed that as per the statement for payment on account number one(1) the project no documentary evidence was made available to support the breakdown Kshs 4,222,000.

Management Response

The management confirmed that the consultations with the public works officials are ongoing in order to provide the breakdown of the works done.

The Auditor informed the Committee that the Management has not provided the breakdown for Kshs. 4,222,000 and therefore the matter remains unresolved.

(iii) The Committee was informed that another Kshs 100,000 was included in interim payment certificate number one as preliminaries with no supporting documentary evidence.

Management Response

The response given stated that the management was in consultation with the public works officials with an intention of availing the breakdown of the preliminaries.

The Auditor confirmed that there was no separate support provided for the preliminary costs and therefore the matter remains unresolved.

3.0 Purchase of Motor Cycles

The Committee was informed that included in the other grants and transfer figure of Kshs 81,260,000 was Kshs 2,860,000 paid to Toyota Kenya Limited for supplying thirty two (32) Yamaha motor bikes. However the following observations were made;-

(i) The audit query states that it was not clear how Toyota Kenya was identified to supply the motor cycles since no tendering documents were availed for audit.

Management Response

The response was that tendering was not done as the management directly sourced motorcycles from Toyota Kenya Ltd.

The Auditor informed the Committee that the purchase of the Motor Cycles was direct sourcing and therefore procurement rules were not adhered to.

(ii) The Committee was informed that there was no technical evaluation report from the line Ministry availed to confirm the specifications of the motor cycles that were required.

Management Response

The response given was that the management did not seek for the technical evaluation report from the line ministry and regret the omission. However the management confirms to the audit team that the motorcycles procured from Toyota Kenya Ltd and were distributed to the Assistant Chiefs.

The Auditor confirmed that there was no evaluation done but the motor cycles were distributed to the Assistant Chiefs.

(iii) The audit query stated that Nyakach Constituency Development Fund disregarded Section 17 of the Public Procurement and Disposal Regulations, 2006 and had no inspection and Acceptance Committee report as a basis of making the payment for the motor cycles.

Management Response

The Management acknowledged that the Inspection and Acceptance Committee was not constituted.

The Auditor confirmed that the No technical person confirmed the quality of the motor cycles when received.

(iv) The Committee was informed that no log books for the thirty two cycles were availed for our audit verification.

Management Response

The response given was that the log books for the 32 motor cycles were being processed at the time of audit. The logbooks are available for verification

The Auditor confirmed that the log books have been seen and verified. The matter has been resolved.

(v) The Committee was informed that from the delivery note/gate pass attached to the payment voucher, two motor cycles GKB485G and GKB478G respectively were found to be faulty and it is doubtful that they were replaced.

Management Response

The management responded that the motorcycles were in good condition except for the faulty cables which were replaced and later handed over to the administrators.

The Auditor confirmed that the motor cycles were repaired and the matter resolved.

4.0 Procurement of Legal Services

The Audit query states that the examination of payment vouchers under the item of office Administration revealed that Kimanga and Company Advocates was paid Kshs 116,000 through payment voucher number 174 for offering services in Kisumu Industrial Court case number 204/2014 between Gabriel M Onyango versus Nyakach Constituency Development Fund. The payment voucher was supported by a key note number 1/2014 dated 27 October 2014 and Nyakach Constituency development Fund Committee minutes of 9 December 2014. However it was not possible to establish how the advocate was identified to offer the legal services.

Management Response

The response from the management stated that committee resolved to secure the services of Kimanga and Company advocates through its past records of competence to other clients.

The Auditor confirmed that the documents to show how the lawyer was undertaken were not submitted for verification and therefore the matter remains unresolved.

Committee Observation

Committee Observation

The management did not adhere to procurement guidelines when sourcing for services.

MIN.NO./NA./SFAC/2018/291 - ADJOURNMENT

There being no other business the meeting was adjourned at 12.30 p.m. and the next meeting to be scheduled on Thursday, 25th October, 2018 at 10.00 a.m.

SIGNED.....

HON. KATHURI MURUNGI, M.P

(Chairperson)

DATE.....

06/11/2018.

MINUTES OF THE 60TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY, 2ND OCTOBER, 2018 IN COMMITTEE ROOM 12, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. Hon. Kathuri Murungi, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P – Vice Chairperson
3. Hon. Erastus Kivasu Nzioka, M.P
4. Hon. Irene Kasalu, M.P
5. Hon. Marwa Kitayama Maisori, M.P
6. Hon. Shakeel Shabbir Ahmed, M.P
7. Hon. Geoffrey Omuse, M.P
8. Hon. Alfred Agoi Masadia, M.P
9. Hon. Mwambu Mabongah, M.P
10. Hon. James Kamau Wamacukuru, M.P

APOLOGIES

1. Hon. Dennitah Ghati, M.P
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Mohamed Ali, M.P
5. Hon. Justus Kizito Mugali, M.P.
6. Hon. Jared Okele, M.P
7. Hon. Rehema Jaldesa, M.P
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Abdi Koropu Tepo, M.P

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Ms. Deborah Mupusi | - | Media Officer |
| 4. Mr. Meshack Mutali | - | Office Assistant |
| 5. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 6. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO./NA./SFAC/2018/269 PRELIMINARIES

The Chairperson called the meeting to order at 10.20 a.m. with a word of prayer.

The agenda of the meeting was adopted on a proposal by Hon. William Kamuren Chepkut, M.P and seconded by Hon. Geoffrey Omuse, M.P as follows:

1. Confirmation of Minutes
2. Matters Arising;
3. Adoption of the Report of the audited financial statements for the National Government Constituencies Development Fund for the 17 Constituencies in Nairobi City County for the financial years 2013/14, 2014/15 and 2015/16.
4. Any Other Business

1. The minutes of the meetings held on 6th August 2018, at 10.00 a.m. and 2.30 p.m. were confirmed as true record of proceedings having been proposed and seconded by Hon. Erastus Nzioka, M.P and Hon. Geoffrey Omuse, M.P respectively.
2. The minutes of the meetings held on 7th August 2018, at 10.00 a.m. and 2.30 p.m. were confirmed as true record of proceedings having been proposed and seconded by Hon. Mwambu Mabongah, M.P and Hon. Irene Kasalu, M.P respectively.
3. The minutes of the meetings held on 8th August 2018, at 10.00 a.m. and 2.30 p.m. were confirmed as true record of proceedings having been proposed and seconded by Hon. Geoffrey Omuse, M.P and Hon. Mwambu Mabongah, M.P respectively.
4. The minutes of the meetings held on 9th August 2018, at 10.00 a.m. and 2.30 p.m. were confirmed as true record of proceedings having been proposed and seconded by Hon. Erastus Nzioka, M.P and Hon. Geoffrey Omuse, M.P respectively.
5. The minutes of the 51st Sitting held on 30th August 2018, at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Shakeel Shabbir, M.P and Hon. Irene Kasalu respectively.
6. The minutes of the 52nd Sitting held on 24th September, 2018 at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Shakeel Shabbir, M.P and Hon. Erastus Nzioka, M.P respectively.
7. The minutes of the 53rd Sitting held on 24th September, 2018 at 2.30 p.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Erastus Nzioka, M.P and Hon. Shakeel Shabbir, M.P respectively.
8. The minutes of the 54th Sitting held on 25th September, 2018 at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Erastus Nzioka, M.P and Hon. Shakeel Shabbir, M.P respectively.
9. The minutes of the 55th Sitting held on 25th September, 2018 at 2.30 p.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Alfred Agoi Masadia, M.P and Hon. Geoffrey Omuse, M.P respectively.
10. The minutes of the 56th Sitting held on 26th September, 2018 at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Mwambu Mabongah, M.P and Hon. Shakeel Shabbir, M.P respectively.
11. The minutes of the 57th Sitting held on 26th September, 2018 at 2.30 p.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Erastus Nzioka, M.P and Hon. Shakeel Shabbir, M.P respectively.
12. The minutes of the 58th Sitting held on 27th September, 2018 at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Geoffrey Omuse, M.P and Hon. Alfred Agoi Masadia, M.P respectively.
13. The minutes of the 59th Sitting held on 27th September, 2018 at 10.00 a.m. was confirmed as true record of proceedings having been proposed and seconded by Hon. Shakeel Shabbir, M.P and Hon. Erastus Nzioka, M.P respectively.

MIN.NO./NA./SFAC/2018/271

MATTERS ARISING

Under Minutes number 54 to 59:

- a) The name of the Chairperson was corrected to read Hon. Kathuri Murungi, MP
- b) The name of Hon. Ezekiel Kivasu Nzioka, MP was corrected to read Hon. Erastus Kivasu Nzioka, M.P

**MIN.NO./NA./SFAC/2018/272 ADOPTION OF THE REPORT ON AUDITED
FINANCIAL STATEMENTS FOR THE 17
CONSTITUENCIES IN NAIROBI CITY COUNTY.**

The chairperson put the question "THAT, Committee adopts the Second Report on Audited Financial Statements for the National Government Constituencies Development Fund for the seventeen Constituencies in Nairobi City County for the Financial Years 2013/14, 2014/15 and 2015/16 presented to it at its meeting held on Tuesday, October 02, 2018".

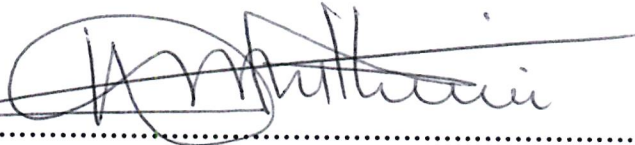
Members present unanimously adopted the report on a proposal by Hon. Shakeel Shabbir, MP, seconded by Hon. Irene Kasalu, M.P respectively.

Members thereafter appended their signature on the adoption list to be attached to the report.

MIN.NO./NA./SFAC/2018/273 - ADJOURNEMENT

There being no other business the meeting was adjourned at 12.50 p.m.

SIGNED.....



**HON. KATHURI MURUNGI, M.P
(Chairperson)**

DATE.....

02-10-2018

**MINUTES OF THE 59TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON THURSDAY, 27TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 2.30 P.M.**

PRESENT

1. Hon. Kathuri Muthuri, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, M.P
4. Hon. Kitayama Maisori, M.P
5. Hon. Shakeel Shabir, M.P
6. Hon. Geoffrey Omuse, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali, M.P
9. Hon. Alfred Agoi Masadia, M.P
10. Hon. Mwambu Mabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati, M.P
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. James K. Wamacukuru, M.P
6. Hon. Jared Okelo, M.P
7. Hon. Rehema Jaldesa, M.P
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Claire Kidombo | - | Research Officer |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |

- | | | |
|------------------------|---|--------------------|
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO./NA./SFAC/2018/266 - PRELIMINARIES

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the report of NG-CDF Seme Constituency for the financial years 2013/14; 2014/15 and 2015/16.

MIN.NO./NA./SFAC/2018/267 - SEME CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. DELAYS IN IMPLEMENTATION OF PROJECTS

The Committee added the following recommendation:-

- (i) That the NG-CDF Board ensures that all stalled projects are adequately funded to completion.

2. DIVERSION OF FUNDS

(i) Otieno Owalla Community Health Centre

The Committee carried the observation below:

The Fund Account Manager did not seek approval from the CDF Board for the reallocation of the expenditure amounting to Ksh. 350,000 from construction of a maternity ward to co-funding of the grant thus contravenes section 10(2) of the CDF Act, 2013.

(ii) District Education Improvement Fund

The Committee deliberated and agreed on the following observations and recommendations.

Observation

The Fund Account Manager did not seek approval from the CDF Board for the reallocation of the expenditure amounting to Ksh. 500,000 towards education. This was in contravention of section 10(2) of the CDF Act, 2013.

Recommendations

The Committee recommended that:-

- (i) the NG-CDF Board takes administrative action against the Fund Account Manager for incurring expenditure in contravention section 10(2) of the CDF Act, 2013; and
- (ii) the Fund Account Manager complies with the provisions of Section 6(2) of the NG-CDF Act, 2015 and the NG-CDF Regulations, 2016.

3. PENDING BILLS PAYABLE

The Committee reviewed and agreed on the recommendations below:

Recommendations

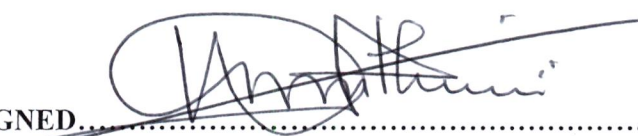
The Committee recommended that:-

- (i) the Fund Account Managers ensures that contracts are awarded subject to availability of funds;
- (ii) the Fund Account Manager ensures that ongoing projects are completed and paid for prior to starting new projects; and
- (iii) the Committee recommended that the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

MIN.NO./NA./SFAC/2018/268 - ADJOURNEMENT

The meeting was adjourned at 5.30 p.m. and next sitting will be on notice.

SIGNED.....


HON. KATHURI MURUNGI, M.P
(Chairperson)

DATE.....

02-10-2018.

**MINUTES OF THE 58TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON THURSDAY, 27TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 9.00 A.M.**

PRESENT

1. Hon. Kathuri Muthuri, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, M.P
4. Hon. Kitayama Maisori, M.P
5. Hon. Shakeel Shabir, M.P
6. Hon. Geoffrey Omuse, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali HSC, M.P
9. Hon. Alfred Agoi Masadia, M.P
10. Hon. Mwambu Mabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati HSC, M.P
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. James K. Wamacukuru, M.P
6. Hon. Jared Okelo, M.P
7. Hon. Rehema Jaldesa, M.P
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Claire Kidombo | - | Research Officer |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |

- | | | |
|------------------------|---|--------------------|
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO./NA/SFAC/2018/262 - PRELIMINARIES

The Chairperson called the meeting to order at 9.30 a.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the reports of NG-CDF Nyakach and Nyando Constituencies for the financial years 2013/14; 2014/15 and 2015/16.

MIN.NO./NA/SFAC/2018/263 - NYAKACH CONSTITUENCY

The Committee agreed that Nyakach Constituency had not finalized their presentation hence it was resolved that an invitation be sent to FundAccount Manager in charge of Nyakach Constituency to appear before the Committee on Tuesday, 9th October, 2018.

MIN.NO./NA/SFAC/2018/264 - NYANDO CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. FIXED ASSET REGISTER (LAND OWNERSHIP AND LAND ROVER GK A783S)

The Committee recommended that:-

- (i) The NG-CDF Board liaises with the Ministry of Lands and Physical Planning for issuance of title deed for the land allocated to Nyando CDF Office;
- (ii) The NG-CDF Board ensures that the motor vehicle log book for GK A783S is registered under the Constituency in compliance with Section 36(3) and (4) (a) of the NG-CDF Act, 2015; and
- (iii) Within three (3) months of adoption of this report by the House, the NG-CDF Board provides a status report of all assets held by the constituencies, including that which is registered under the NG-CDF on behalf of the Constituencies.

2. RENOVATION OF FIVE CLASSROOMS AT LUORA AYWEYO PRIMARY SCHOOL

The Committee observed that:-

- (i) the Fund Account Manager had not availed the required documents to the Auditor-General during audit. The Auditor-General confirmed to the Committee that the documents were availed and the matter has since been resolved.
- (ii) there is need for the NG-CDF Board to leverage on Information and Communication Technology (ICT) in management of projects.

The Committee recommended that:-

- (i) The Auditor-General undertakes physical verification of the project if value for money was achieved pursuant to section 36 (2) of the Public Audit Act No.34 of 2015 and reports the same in the subsequent audit reports;
- (ii) the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012; and
- (iii) the NG-CDF Board adopts and implements Electronic Monitoring and Evaluation Systems and Tools to monitor all projects in the Constituencies and have them linked to the Electronic National Government Monitoring and Evaluation Systems.

3. POOR CONSTRUCTION WORKS

The Committee reviewed and carried the following observations and recommendations:-

The Committee observed that-

- (i) the Fund Account Manager had not availed the required documents to the Auditor-General during audit. The Auditor- General confirmed to the Committee that the documents were availed and the matter has since been resolved.
- (ii) there is need for the NG-CDF Board to leverage on Information and Communication Technology (ICT) in management of projects.

The Committee recommended that:-

- (i) The Auditor- General undertakes physical verification of the project if value for money was achieved pursuant to section 36 (2) of the Public Audit Act No.34 of 2015 and reports the same in the subsequent audit reports;
- (ii) the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012; and
- (iii) the NG-CDF Board adopts and implements Electronic Monitoring and Evaluation Systems and Tools to monitor all projects in the Constituencies and have them linked to the Electronic National Government Monitoring and Evaluation Systems.

The Committee adopted all the other observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. UNSUPPORTED PAYMENTS FOR KSHS. 5,157,387

The Committee observed that:-

- (i) the Fund Account Manager had not availed the required documents to the Auditor-General during audit. The Auditor- General confirmed to the Committee that the documents were availed and the matter has since been resolved.
- (ii) there is need for the NG-CDF Board to leverage on Information and Communication Technology (ICT) in management of projects.

The Committee recommended that:-

- (i) The Auditor- General undertakes physical verification of the project if value for money was achieved pursuant to section 36 (2) of the Public Audit Act No.34 of 2015 and reports the same in the subsequent audit reports;
- (ii) the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012; and
- (iii) the NG-CDF Board adopts and implements Electronic Monitoring and Evaluation Systems and Tools to monitor all projects in the Constituencies and have them linked to the Electronic National Government Monitoring and Evaluation Systems.

The Committee adopted all the other observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. OTHER GRANTS AND TRANSFERS

Committee Observation

The Committee observed that the Fund Account Manager had availed the required documents to the Auditor- General and the matter has since been resolved.

Committee Recommendation

The Committee recommended that the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

1. Water Projects

Observation

The Committee observed that the Fund Account Manager had availed the required documents to the Auditor- General and the matter has since been resolved.

Recommendation

The Committee recommended that the Fund Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

The Committee adopted all the other observations and recommendations as adopted in the report.

MIN.NO./NA./SFAC/2018/265 - ADJOURNEMENT

The meeting adjourned at 1.20 p.m. and next meeting will be resuming at 2.30 p.m.

SIGNED.....

HON. KATHURI MURUNGI, M.P

(Chairperson)

DATE.....02/10/2018.....

**MINUTES OF THE 57TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON WEDNESDAY, 26TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 2.30 P.M.**

PRESENT

1. Hon. Kathuri Muthuri, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, M.P
4. Hon. Kitayama Maisori, M.P
5. Hon. Shakeel Shabir, M.P
6. Hon. Geoffrey Omuse, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali HSC, MP
9. Hon. Alfred Agoi Masadia, MP
10. Hon. Mwambu Mabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati HSC, M.P
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. James K. Wamacukuru, M.P
6. Hon. Jared Okelo, M.P
7. Hon. Rehema Jaldesa, M.P
8. Hon. Mohamed Ali Lokiru, M.P
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Claire Kidombo | - | Research Officer |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |

- | | | |
|------------------------|---|--------------------|
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO.NA/SFAC/2018/259 - PRELIMINARIES

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the report of NG-CDF Muhoroni Constituency for the financial years 2013/14; 2014/15 and 2015/16.

**MIN. NO.NA/SFAC/2018/260 - MUHORONI CONSTITUENCY
SUBMISSIONS FOR FINANCIAL YEAR 2013/2014**

1. REALLOCATION OF FUNDS WITHOUT APPROVAL

Members reviewed the observations and recommendations as follows:-

The Committee observed that:-

- (i) The Fund Account Manager had used funds for office renovation and equipment, grader repairs and motor vehicle repairs without approval of the NG-CDF Board. The NG-CDF Board advised CDF Committees to hand over graders that had been previously been purchased to the Department of Public Works;
- (ii) The NG-CDF Board advised CDF Committees to hand over graders that had been previously been purchased to the Department of Public Works; and
- (iii) The Constituency Fund Account Manager was also serving as Acting Fund Account Manager for Kisumu Central Constituency.

The Committee recommended that:-

- (i) The Fund Account Manager ensures emergency funds are spent in line with the provisions of Section 8 of the NG-CDF Act, 2015 and other guidelines provided by the NG-CDF Board;
- (ii) The NG- CDF Board to disposes the graders in accordance with the Public Procurement and Asset Disposal Act, 2015 and the proceeds retained in the Fund in keeping with the provisions of section 36 (6) of the NG-CDF Act, 2015;

The Committee adopted all the other observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. SUPPLY OF FURNITURE

Observations

The Committee observed that the expenditure amounting to Ksh. 440,000 towards procurement of chairs and tables for Obumba Mixed Secondary school did not qualify as an emergency expense.

Members discussed and agreed on the statements below:

- (i) No specifications were availed for audit to confirm how chairs and tables were procured.
- (ii) No explanation was made on why the money could not be channeled to the school to undertake its own procurement.

Recommendations

The Committee recommended that the Fund Accounts Manager should ensure that expenditure from emergency fund is in line with the provisions of Section 8 of the NG- CDF Act, 2015 and other guidelines provided by the Board.

The Committee adopted all the other observations and recommendations as contained in the report.

2. HIRING OF EXCAVATOR

The Committee observed that:

- (i) Mobilization fee of Kshs.150, 000 which was paid separately ought to have been part of the contract;
- (ii) The CDF did not involve the line Ministry contrary to the Constituency Development Fund Act, 2013; and
- (iii) Payment was made without the inspection and acceptance team was contrary to section 17 of the Public Procurement and Disposal Regulations, 2006.

The Committee recommends that:-

- (i) The Fund Account Manager ensures that Inspection and Acceptance Committees are established as provided under Section 48 of the Public Procurement and Asset Disposal Act, 2015 to verify that works or services undertaken meet the technical standards defined in the contract; and
- (ii) The Fund Account Manager ensures that relevant government departments are involved during project implementation in line with the provisions of Section 36(1) of the NG-CDF Act, 2015.
- (iii) The Fund Account Manager ensures that during contract negotiations, all details and responsibilities of the contractor and the Constituency are clearly stipulated in the contract.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016
UNSUPPORTED EXPENDITURE

1. TRANSFERS TO OTHER GOVERNMENT UNITS

Observation

The Committee observed that requests for quotation as a method of procurement was used instead of open tendering required for projects above Ksh. 4 million. This was in in contravention of Section 96(2) of the Public Procurement and Disposal Act, 2005.

Recommendations

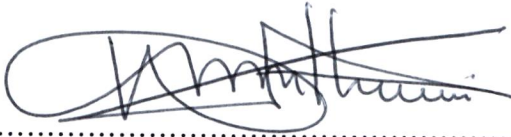
The Committee recommended that:-

- (i) The Funds Account Manager adheres to the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Disposal Regulations, 2006; and
- (ii) The Funds Account Manager complies with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

The Committee adopted all the other observations and recommendations as contained in the report.

MIN.NO./NA/SFAC/2018/261 - ADJOURNMENT

The meeting was adjourned at 5.30 p.m. and next meeting will be held on Thursday, 27th September, 2018 at 9.30 a.m.

SIGNED.....


HON. KATHURI MURUNGI, M.P
(Chairperson)

DATE.....
02-10-2018.

**MINUTES OF THE 56TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON WEDNESDAY, 26TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 9.00 A.M.**

PRESENT

1. Hon. Kathuri Muthuri, M.P - Chairperson
2. Hon. William Kamuren Chepkut, M.P – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, M.P
4. Hon. Kitayama Maisori, M.P
5. Hon. Shakeel Shabir, M.P
6. Hon. Geoffrey Omuse, M.P
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali HSC, M.P
9. Hon. Alfred Agoi Masadia, M.P
10. Hon. Mwambu Mabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati HSC, MP
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
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6. Hon. Jared Okelo, MP
7. Hon. Rehema Jaldesa, MP
8. Hon. Mohamed Ali Lokiru, MP
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Clare Kidombo | - | Research Officer |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |

- | | | |
|------------------------|---|--------------------|
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO.NA/SFAC/2018/256 - **PRELIMINARIES**

The Chairperson called the meeting to order at 9.30 a.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the report of NG-CDF Kisumu West Constituency for the financial years 2013/14; 2014/15 and 2015/16.

MIN.NO./NA.SFAC/2018/257 - **KISUMU WEST CONSTITUENCY**

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. CASH AND CASH EQUIVALENTS

Observations and Recommendations

The Committee adopted the observations and recommendations as contained in the report.

2. REALLOCATION OF FUNDS WITHOUT APPROVAL

Observation

The Committee observed that the approval for reallocation of the Funds was sought after the Funds were already committed, contrary to section 10(2) of the CDF Act, 2013.

Recommendation

The Committee recommended that: -

- (i) The National Government Constituencies Development Fund Board takes administrative action against the Fund Account Manager who reallocates funds in contravention of the then section 10(2) of the CDF Act, 2013; and
- (ii) Fund Account Managers ensures compliance with Section 6(2) and Section 31 of the NG-CDF Act, 2015.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. SUPPLY, INSTALLATION AND COMMISSIONING OF SOLAR LIGHTS

Observations

The Committee observed that the projects had been implemented to completion and verified by the Auditor-General.

Recommendations

The Committee recommended that:-

- (i) Fund Account Managers ensures compliance with Section 6(2) and Section 31 of the NG-CDF Act, 2015; and
- (ii) The Fund Account Manager ensures continuous monitoring and evaluation of projects during implementation.

The Committee adopted all the other observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. PROJECTS VERIFICATION

Recommendations

The Committee recommended that:-

- (i) The National Government Constituencies Development Fund Board, the National Treasury and Planning and other relevant public entities expedite completion of all stalled projects that were initiated by Constituency Development Fund (CDF) Board prior to enactment of the National Government Constituencies Development Fund Act, 2015 and which currently fall within the devolved functions; and
- (ii) The National Government Constituencies Development Fund Board publishes a list of all incomplete and/or stalled projects initiated by the former Constituency Development Fund (CDF) Board before the enactment of the National Government Constituencies Development Fund Act, 2015.

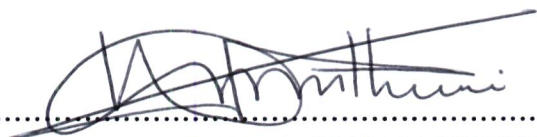
The Committee adopted all other observations and recommendations as contained in the report.

MIN NO/NA/SFAC/2018/258

- ADJOURNMENT

The meeting adjourned at 2.10 p.m. and next meeting will resume at 2.45 p.m.

SIGNED.....



HON. KATHURI MURUNGI, M.P
(Chairperson)

DATE.....

02-10-2018.

**MINUTES OF THE 55TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON TUESDAY, 25TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 2.30 A.M.**

PRESENT

1. Hon. Kathuri Muthuri, MP - Chairperson
2. Hon. William Kamuren Chepkut, MP – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, MP
4. Hon. Kitayama Maisori, MP
5. Hon. Shakeel Shabir, MP
6. Hon. Geoffrey Omuse, MP
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali, MP
9. Hon. Alfred Agoi Masadia, MP
10. Hon. Mwambu Mabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati, MP
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. James K. Wamacukuru, MP
6. Hon. Jared Okelo, MP
7. Hon. Rehema Jaldesa, MP
8. Hon. Mohamed Ali Lokiru, MP
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Clare Kidombo | - | Research Officer |
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |

- | | | |
|------------------------|---|--------------------|
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO.NA/SFAC/2018/253 - **PRELIMINARIES**

The Chairperson called the meeting to order at 2.30 p.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the report of NG-CDF Kisumu East Constituency for the financial years 2013/14; 2014/15 and 2015/16.

MIN.NO/NA/SFAC/2018/254 - **KISUMU EAST CONSTITUENCY**

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. UNSUPPORTED EXPENDITURE

Committee Observation

The Committee observed that there were delays in submitting relevant supporting documents to the Auditor-General during the audit period. The documents were submitted to the Auditor-General and the matter has since been resolved.

Recommendation

The Committee recommended that the Funds Account Managers should ensure compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012 in order to avoid such audit queries.

2. ACQUISITION OF ASSETS

Observations and Recommendations

The Committee adopted the observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. UNSUPPORTED PAYMENT

The Committee observed that:

- (i) The Auditor-General had visited the projects on 29th March, 2018 and verified that the projects were completed;
- (ii) Most projects were on-going when the audit was carried out hence certificate of completion had not been issued;

- (iii) Upon completion of projects, the Fund Account Manager did not furnish the Auditor-General with project completion documents for verification and clearance of the audit query; and
- (iv) The matters have since been resolved with the Auditor-General.

The Committee recommended that:

- (i) The Fund Account Manager should ensure strict compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

The Committee adopted all the other observations and recommendations as contained in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. CASH AND CASH EQUIVALENTS

The Committee reviewed the recommendation and adopted that,

- (i) the National Government Constituencies Development Fund Board provides a status report to the National Assembly on transfer of asset and liabilities following the delimitation of constituency boundaries that resulted in creation of the 290 constituencies; and
- (ii) the National Government Constituencies Development Fund Board conducts an audit to ensure effective transitional transfer of assets and liabilities and that incomplete projects transferred are effectively completed by the new constituencies.

2. OTHER RECEIPTS

The Committee noted the following observations that:-

- (i) Supporting documents were not availed for verification by the Auditor-General during the audit period. The documents were subsequently availed and verified and the matter has been resolved; and
- (ii) The Fund Account Manager had requested for an Authority to Incur Expenditure (AIE) from the NG-CDF Board to enable utilization of interest earned.

The Committee recommended that:-

- (i) The Fund Account Manager ensures strict compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012; and
- (ii) The National Government Constituency Development Fund Board should approve the request for reallocation of the interest earned to other deserving projects in the constituency.

The Committee adopted all the other observations and recommendations as contained in the report.

MIN. NO./NA/SFAC/2018/255

- ADJOURNMENT

The meeting adjourned at 4.45p.m.and the next meeting will be on Wednesday, 26th September, 2018 at 9.00 a.m.

SIGNED.....



HON. KATHURI MURUNGI, M.P.

(Chairperson)

DATE.....

02-10-2018.

**MINUTES OF THE 54TH SITTING OF THE COMMITTEE ON SPECIAL FUNDS
ACCOUNTS HELD ON TUESDAY, 25TH SEPTEMBER, 2018 AT WHITESANDS
HOTEL AND SPA IN MOMBASA COUNTY AT 9.00 A.M.**

PRESENT

1. Hon. Kathuri Muthuri, MP - Chairperson
2. Hon. William Kamuren Chepkut, MP – Vice Chairperson
3. Hon. Ezekiel Kivasu Nzioka, MP
4. Hon. Kitayama Maisori, MP
5. Hon. Shakeel Shabir, MP
6. Hon. Geoffrey Omuse, MP
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. Mohamed Ali, MP
9. Hon. Alfred Agoi Masadia, MP
10. Hon. Mwambu Mwabongah, M.P

APOLOGIES

1. Hon. Dennitah Ghati, MP
2. Hon. Mark Lomunokol, M.P
3. Hon. Esther Passaris, M.P.
4. Hon. Irene Kasalu, M.P.
5. Hon. James K. Wamacukuru, MP
6. Hon. Jared Okelo, MP
7. Hon. Rehema Jaldesa, MP
8. Hon. Mohamed Ali Lokiru, MP
9. Hon. Abdi Koropu Tepo, M.P

IN-ATTENDANCE

AUDITOR GENERAL'S OFFICE

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

SECRETARIAT

- | | | |
|-----------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Legal Counsel |
| 4. Ms. Clare Kidombo | - | Research Officer |

- | | | |
|------------------------|---|-----------------------|
| 5. Mr. Robert Ngetich | - | Budget Fiscal Analyst |
| 6. Ms. Deborah Mupusi | - | Media Officer |
| 7. Ms. Betty Auma | - | Personal Secretary |
| 8. Mr. Meshack Mutali | - | Office Assistant |
| 9. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 10. Mr. Benson Muthuri | - | Security Officer |
| 11. Mr. Nimrod Ochieng | - | Audio Officer |

MIN.NO.NA/SFAC/2018/250 - PRELIMINARIES

The Chairperson called the meeting to order at 9.15 a.m. with a word of prayer. The agenda was confirmed as:-

1. Confirmation of minutes;
2. Matters arising;
3. Consideration of the report of NG-CDF Kisumu County Constituencies for the financial years 2013/14; 2014/15 and 2016/17.

The Committee was informed that Kisumu County consists of 7 constituencies including Kisumu Central, Kisumu East, Kisumu West, Seme, Muhoroni, Nyando and Nyakach.

MIN.NO. /SFAC/2018/251 - KISUMU CENTRAL CONSTITUENCY

SUBMISSIONS FOR FINANCIAL YEAR 2013/2014

1. PAYMENT ON SPORT ACTIVITIES

Observations:-

1. The NG-CDF Board has no guidelines on formation of Project Management Committees (PMCs) for sports and other activities that cut across constituencies pursuant to section 25 of the NG-CDF Act....;
2. Constituencies may form *ad-hoc* Committees to undertake the planning and implementation of such activities;
3. Payment of allowances to *ad hoc* Committees was not provided by the Board and only Project Management Committees were eligible for such allowances; and
4. The NG- CDF Board guidelines on how the 2% can be spent provided for expenses on procurement of games kits, purchase of trophies and balls and excludes refreshments and cash awards to winning teams during sports activities;
5. The Constituency did not have a substantive Fund Account Manager and that the Acting Fund Account Manager was the substantive Fund Account Manager at Muhoroni Constituency; and
6. The matter had been resolved with the Auditor-General.

Recommendation

The NG-CDF Board in consultation with relevant government bodies to fill existing vacancies for Fund Account Managers and Regional Co-ordinators.

2. REALLOCATION OF FUNDS

The Committee reviewed and adopted the observation below to read as follows:-

- (i) The Fund Account Manager did not seek the approval of the Board for the reallocation of funds Ksh. 1,238,000 from emergency funds in contravention of section 10(2) of the CDF Act, 2013 ; and
- (ii) The project for which the reallocation was made (bursary) did not qualify as an emergency as per the Boards regulations. The matter has since been resolved with the Auditor- General.

The Committee adopted all the observations and recommendations as contained in the report.

SUBMISSION FOR THE FINANCIAL YEAR 2014/2015**1. CASH AND CASH EQUIVALENT****Observation**

The Committee observed that where original vouchers are not available, parallel cashbooks that maintained are used as secondary documents for verification. The matter has since been resolved with the Auditor-General.

Recommendations

The Committee recommended that:

- (i) The Fund Account Manager complies with International Public Sector Accounting Standards (IPSAS) framework in preparation of financial statements; and
- (ii) The Fund Account Manager ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

2. DISTILLATION AND DRAINAGE OF ALWERA CAMP**Observations**

The Committee observed that where original vouchers are not available, parallel cashbooks that should be maintained as secondary documents for verification. The matter has since been resolved with the Auditor-General.

Recommendation

The Committee recommended that the Fund Account Managers ensures strict compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

There being no further amendments, the Committee adopted all the other observations and recommendations.

3. CONSTRUCTION OF POLICE POST

The Committee deliberated and adopted the observation below:-

Committee Observation

There were inconsistencies in the documents submitted for verification. For instance, an offer letter dated 5th May, 2015 submitted to the Committee conveyed a decision of a meeting held on 22nd March, 2017 whilst the submitted copy of the contract agreement was made on 15th April 2017.

4. CONSTRUCTION OF FLOOD LIGHTS

The Committee noted the following:-

- (i) Quotation as opposed to open tender which contravened section 29(1) of the Public Procurement and Disposal Act 2005; and
- (ii) Payments were paid without the inspection and acceptance team contrary to Section 17 of the Public Procurement and Disposal Regulations 2006.

The Committee discussed and reviewed the observation and recommendation as below:-

Observation

The Committee observed that request for quotations from prequalified contractors as a method for procurement was in contravention of section 29 (4) of the Public Procurement and Disposal Act, 2005.

Recommendation

The Committee recommends that the Fund Account Manager adheres to the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Disposal Regulations, 2006.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. INACCURACIES IN THE FINANCIAL STATEMENTS

Observation

The Committee observed that copies of the vouchers were availed to the Auditor-General for verification since original documents were under the custody of the District Treasury. The matter has since been resolved with the Auditor-General.

Recommendations

The Committee recommended that the Fund Account Manager ensures strict compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

The Committee adopted all the other observations and recommendations for Kisumu Central Constituency as contained in the report.

2. OTHER GRANTS AND TRANSFERS

The Committee reviewed the recommendations and carried the following:-

- (i) That the Fund Account Manager submits completion certificates from Kenya Urban Roads Authority (KURA) and Kenya Rural Roads Authority (KeRRA) to the Auditor-General to clear the audit queries raised;
- (ii) The Fund Account Manager ensures compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012;
- (iii) The Fund Account Manager liaises with Kenya Urban Roads Authority (KURA) and Kenya Rural Roads Authority (KeRRA) while implementing road projects in the constituencies to avoid duplication in project implementation; and
- (iv) The Fund Account Manager ensures that relevant government departments are involved during project implementation in line with the provisions of Section 36(1) of the NG-CDF Act, 2015 which states that , *"Projects under this Act shall be implemented by the project management committee appointed in accordance with the regulations made under section 57, with the assistance of the relevant department of Government ..."*

MIN.NO.NA/SFAC/2018/252

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ADJOURNMENT

The meeting was adjourned at 1.45 p.m. and the next meeting will be held at 2.30 p.m.



SIGNED:

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

02-10-2018.

DATE:

MINUTES OF THE 53RD SITTING OF THE SPECIAL FUND ACCOUNTS COMMITTEE HELD ON MONDAY, 24TH SEPTEMBER 2018, AT SAROVA WHITESANDS, MOMBASA, AT 2.30 P.M.

PRESENT

1. Hon. Kathuri Murungi, M.P. - **Chairperson**
2. Hon. William Chirchir Chepkut, M.P. - **Vice Chairperson**
3. Hon. Shakeel Shabbir Ahmed, M.P.
4. Hon. Marwa Kitayama Maisori, M.P.
5. Hon. Erastus Kivasu Nzioka, M.P.
6. Hon. Geoffrey Omuse, M.P.
7. Hon. Mohamed Ali, HSC, M.P.
8. Hon. Mwambu M. Mabongah, M.P.
9. Hon. Alfred Agoi, M.P.
10. Hon. Justus Kizito Mugali, M.P.

ABSENT WITH APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Rehema Dida Jaldesa, M.P.
3. Hon. Dennitah Ghati, HSC, M.P.
4. Hon. James G.K Wamacukuru, M.P.
5. Hon. Irene Kasalu, M.P.
6. Hon. Mark Lomunokol, M.P.
7. Hon. Jared Okelo, M.P.
8. Hon. Abdi Koropu Tepo, M.P.
9. Hon. Mohamed Ali Lokiru, M.P.

IN- ATTENDANCE

OFFICE OF AUDITOR GENERAL

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

NATIONAL ASSEMBLY SECRETARIAT

- | | | |
|-------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Senior Legal Counsel |
| 4. Ms. Deborah Mupusi | - | Media Relations Officer |
| 5. Ms. Clare Kidombo | - | Research Officer I |
| 6. Mr. Robert Ngetich | - | Fiscal Analyst |
| 7. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 8. Mr. Nimrod Ochieng | - | Audio Officer |
| 9. Mr. Benson Muthuri | - | Security Officer |
| 10. Mr. Meshack Mwitali | - | Office Attendant |

MIN.NO. NA/ SFAC/2018/248

- PRELIMINARIES

The Chairman called the meeting to order at 2.30 a.m. and thanked members for keeping time to ensure that the heavy business of the day was completed. Members resolved to extend the meeting until they conclude reviewing all the reports assigned for the day

MIN.NO.NA/SFAC/2018/249

- CONFIRMATION OF MINUTES

The minutes of the 52nd sitting were deferred to the next meeting and therefore there were no matters arising.

MIN.NO.NA/SFAC/2018/250

- KASARANI CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. Project Implementation

Committee Observation

The Committee observed that the under-expenditure was due to high court ruling which indicated that the CDF Committees had up to February 2016 to be reconstituted and align with the new NG-CDF Act, 2015.

The Committee agreed with the ruling of the Court that the National Government Development Fund Committees had to be reconstituted to align with the National Government Development Fund Act, 2015 and the National Government Constituencies Development Fund Regulations, 2016.

There being no further amendments, the Committee adopted all other observations and recommendations under Kamukunji Constituency.

MIN.NO.NA/SFAC/2018/251

- KIBRA CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2013 /2014

1. Accuracy of the Financial Statements

The Committee reviewed and adopted the recommendations as contained in the report.

The Committee adopted all other observations and recommendations as contained in the report.

MIN.NO.NA/SFAC/2018/252

- LANG'ATA CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016

Observations and Recommendations

The Committee adopted observations and recommendations as indicated in the report.

SUBMISSIONS FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016

Observations and Recommendations

There being no further amendments, the Committee adopted all other observations and recommendations under Makadara Constituency.

SUBMISSIONS FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016

Observations and Recommendations

The Committee reviewed evidence on the report of the Auditor-General on the financial statements for Mathare National Government Constituencies Development Fund for the financial years 2013/2014, 2014/2015 and 2015/2016 and adopted observations and recommendations as indicated in the report.

SUBMISSIONS FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016

Observations and Recommendations

The Committee reviewed evidence on the report of the Auditor-General on the financial statements for Roysambu National Government Constituencies Development Fund for the financial years 2013/2014, 2014/2015 and 2015/2016 and adopted observations and recommendations as indicated in the report.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014 /2015

1. Implementation of Projects

The Committee recommends that the National Treasury expedites the process of quarterly disbursement of funds to the National Government Constituencies Development Fund Board for timely release to constituencies.

2. Other Grants and Transfers

The Committee recommends that the National Treasury expedites the process of quarterly disbursement of funds to the National Government Constituencies Development Fund Board for timely release to constituencies.

3. Revenue

The Committee recommends that the National Treasury expedites the process of quarterly disbursement of funds to the National Government Constituencies Development Fund Board for timely release to constituencies.

Observations and Recommendations

The Committee adopted all other observations and recommendations under Ruaraka Constituency as contained in the report.

MIN.NO.NA/SFAC/2018/257

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STAREHE CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016

Observations and Recommendations

There being no further amendments, the Committee adopted all other observations and recommendations under Starehe Constituency.

MIN.NO. NA/ SFAC/2018/258

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WESTLANDS CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. Unexplained Net Liabilities

The Committee reviewed and adopted the observation below:

Committee Observation

The Committee observed that the difference in net liabilities balance arose from failure to comply with International Public Sector Accounting Standards (IPSAS) in financial reporting. The matter has since been resolved with the Auditor- General.

Observations and Recommendations

There being no further amendments, the Committee adopted all other observations and recommendations under Westlands Constituency.

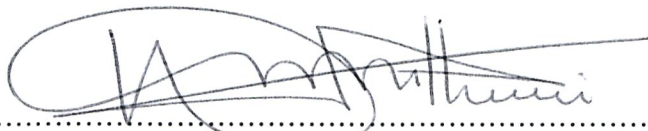
MIN.NO.NA/SFAC/2018/259

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ADJOURNMENT

The meeting was adjourned at 6.30 p.m. and the next meeting will be held on Tuesday, 25th September 2018 at 9.00 a.m.

SIGNED:



HON. KATHURI MURUNGI, M.P

CHAIRPERSON

DATE:

02-10-2018

**MINUTES OF THE 52ND SITTING OF THE SPECIAL FUNDS ACCOUNT COMMITTEE
HELD ON MONDAY, 24TH SEPTEMBER 2018, AT BARAKA 2 CONFERENCE ROOM,
SAROVA WHITESANDS, MOMBASA, AT 9.00 A.M.**

PRESENT

- | | |
|--|--------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice Chairperson |
| 3. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 4. Hon. Marwa Kitayama Maisori, M.P. | |
| 5. Hon. Erastus Kivasu Nzioka, M.P. | |
| 6. Hon. Geoffrey Omuse, M.P. | |
| 7. Hon. Mohamed Ali, HSC, M.P. | |
| 8. Hon. Mwambu M. Mabongah, M.P. | |
| 9. Hon. Alfred Agoi Masadia, M.P. | |
| 10. Hon. Justus Kizito Mugali, M.P. | |

ABSENT WITH APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Rehema Dida Jaldesa, M.P.
3. Hon. Dennitah Ghati, HSC, M.P.
4. Hon. James G.K Wamacukuru, M.P.
5. Hon. Irene Kasalu, M.P.
6. Hon. Mark Lomunokol, M.P.
7. Hon. Jared Okelo, M.P.
8. Hon. Abdi Koropu Tepo, M.P.
9. Hon. Mohamed Ali Lokiru, M.P.

IN- ATTENDANCE

OFFICE OF AUDITOR GENERAL

- | | | |
|------------------------|---|---|
| 1. Mr. Geoffrey Mitari | - | Assistant Accountant General |
| 2. Mr. Njoroge Kimani | - | Auditor General Manager (Kisumu County) |
| 3. Mr. Francis Kabui | - | Auditor General |
| 4. Mr. Kimathi Kwiriga | - | National Treasury |

NATIONAL ASSEMBLY SECRETARIAT

- | | | |
|-------------------------|---|------------------------------|
| 1. Ms. Lucy Kimathi | - | Principal Clerk Assistant II |
| 2. Ms. Hellen Ekadeli | - | Second Clerk Assistant |
| 3. Mr. Peter Mwaura | - | Senior Legal Counsel |
| 4. Ms. Deborah Mupusi | - | Media Relations Officer |
| 5. Ms. Clare Kidombo | - | Research Officer I |
| 6. Mr. Robert Ngetich | - | Fiscal Analyst |
| 7. Ms. Naserian Kaare | - | Serjeant-at-Arms |
| 8. Mr. Nimrod Ochieng | - | Audio Officer |
| 9. Mr. Benson Muthuri | - | Security Officer |
| 10. Mr. Meshack Mwitali | - | Office Attendant |

MIN.NO.NA/SFAC/2018/237

- PRELIMINARIES

The Chairman called the meeting to order at 9.30 a.m. and a prayer said. The Chairman made remarks and welcomed representatives from the Auditor General and explained that the retreat which was to take place on 17th to 21st September, 2018 had been postponed due to the Special Sitzings of the National Assembly on 18th and 20th September, 2018. The Chairperson reminded the Committee on the importance of the activity considering the budget implications. He noted that the reports will be needed in a weeks' time for tabling in the House.

The agenda included:-

1. The confirmation of pending minutes;
2. Matters arising;
3. Considering the final report on NG-CDF for Nairobi County Constituencies for the financial years 2013/2014, 2014/2015 and 2015/2016; and
4. A.O. B.

MIN.NO.NA/SFAC/2018/238

- CONFIRMATION OF MINUTES

The minutes of the 51st sitting were deferred to the next meeting and therefore there were no matters arising.

MIN.NO.NA/SFAC/2018/239

- DAGORETTI NORTH CONSTITUENCY

The Committee reviewed submissions on the audited accounts of the Constituency for the 2013/2014, 2014/2015 and 2015/2016 financial years. It was agreed that observations and recommendations be adopted as contained in the report.

MIN.NO.NA/SFAC/2018/240

- DAGORETTI SOUTH CONSTITUENCY

The Committee deliberated on the audited accounts for the 2013/2014, 2014/2015 and 2015/2016 financial years for Dagoretti South Constituency and adopted the observations and recommendations with changes to read as follows:

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. Accuracy of Financial Statement

The Committee recommends that the Fund Account Manager maintains accurate records and complies with the International Public Sector Accounting Standards (IPSAS) framework.

2. Unsupported other Receipts Totaling Ksh. 127,000

The Committee recommends that the Fund Account Manager complies with provisions of

Section 62 of the Public Audit Act, No.34 of 2015 and Section 68 of the Public Finance Management Act, No. 18 of 2012.

3. Bursary Allocations and Disbursements

The Committee recommends that the National Government Constituencies Development Fund Board should review guidelines on issuance of bursaries to enhance efficiency.

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. Budget and Budgetary Controls

The Committee recommends that the National Treasury expedites the process of quarterly disbursements of funds to the National Government Constituencies Development Fund Board for timely allocation to constituencies.

There being no further amendments, the committee adopted all other observations and recommendations under Dagoretti South Constituency as contained in the report.

MIN.NO.NA/SFAC/2018/241 - EMBAKASI CENTRAL CONSTITUENCY

The Committee reviewed evidence on the report of the auditor-general on the financial statements for Embakasi Central National Government Constituencies Development Fund for the financial years 2013/2014, 2014/2015 and 2015/2016.

The Committee adopted observations and recommendations as indicated in the report.

MIN.NO.NA/SFAC/2018/242 - EMBAKASI EAST CONSTITUENCY

The Committee adopted observations and recommendations as indicated in the report.

MIN.NO.NA/SFAC/2018/243 - EMBAKASI NORTH CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2014/2015

1. BURSARY ALLOCATIONS AND DISBURSEMENTS

The Committee recommended that:-

- (i) The National Government Constituencies Development Fund Board reviews guidelines on issuance of bursaries to enhance efficiency;
- (ii) The National Government Constituencies Development Fund Board fast-tracks the adoption of electronic funds transfer in disbursement of bursaries; and
- (iii) The Fund Account Manager ensures that beneficiary institutions issue acknowledgement documents upon receipt of bursary cheques.

SUBMISSIONS FOR THE FINANCIAL YEAR 2015/2016

1. Construction of Cardinal Otunga Road

The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) expedites investigations.

2. Procurement Works

The Committee recommends that the Fund Account Manager complies with provisions of section 96 of the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations while undertaking procurement

3. Unutilized Office Space

The Committee recommends that there should be investigations into the reasons why there was underutilization of the office space resulting in the loss of public funds.

There being no further amendments, the committee adopted all other observations and recommendations under Embakasi North Constituency.

MIN.NO.NA/SFAC/2018/244

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EMBAKASI SOUTH CONSTITUENCY

The Committee adopted observations and recommendations as indicated in the report for the financial years 2013/2014, 2014/2015 and 2015/2016.

MIN.NO.NA/SFAC/2018/245

-

EMBAKASI WEST CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2014 /2015

1. BURSARY ALLOCATION AND DISBURSEMENTS

The Committee recommends that the Fund Account Manager should ensure strict compliance with the provisions of Section 62 of the Public Audit Act, No.34 of 2015 and section 68 of the Public Finance Management Act, No. 18 of 2012.

There being no further amendments, the committee adopted all other observations and recommendations under Embakasi West Constituency.

MIN.NO.NA/SFAC/2018/246

-

KAMUKUNJI CONSTITUENCY

SUBMISSIONS FOR THE FINANCIAL YEAR 2013/2014

1. Irregular Payment for Construction of Sheds at Maziwa Chicken and Vegetable Market.

The Committee recommends that the Ethics and Anti-Corruption Commission expedites investigations into the matter.

The Committee adopted all other observations and recommendations under Kamukunji Constituency.

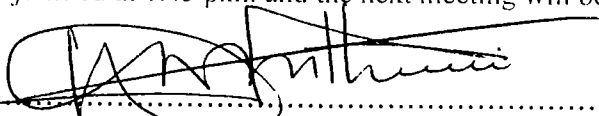
MIN.NO.NA/SFAC/2018/247

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ADJOURNMENT

The meeting was adjourned at 1.45 p.m. and the next meeting will be held at 2.30 p.m. .

SIGNED:



HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE:

02-10-2018

**MINUTES OF THE 51ST SITTING OF THE SPECIAL FUNDS ACCOUNT COMMITTEE
HELD ON THURSDAY 30TH AUGUST 2018, IN THE COMMITTEE ROOM 12, MAIN
PARLIAMENT BUILDINGS, AT 10.00 A.M.**

PRESENT

- | | |
|--|--------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice Chairperson |
| 3. Hon. Irene Kasalu, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Mwambu M. Mabongah, M.P. | |
| 6. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 7. Hon. Jared Okelo, M.P. | |
| 8. Hon. Marwa Kitayama Maisori, M.P. | |

ABSENT WITH APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Erastus Kivasu Nzioka, M.P.
3. Hon. Geoffrey Omuse, M.P.
4. Hon. Rehema Dida Jaldesa, M.P.
5. Hon. Dennitah Ghati, HSC, M.P.
6. Hon. Alfred Agoi Masadia, M.P.
7. Hon. Justus Kizito Mugali, M.P.
8. Hon. James G.K Wamacukuru, M.P.

ABSENT WITHOUT APOLOGIES

1. Hon. Abdi Koropu Tepo, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. Mohamed Ali, HSC, M.P.

IN- ATTENDANCE

NYAKACH CONSTITUENCY

- | | |
|---------------------------|--|
| 1. Mr. Jakoo Miyumo | - Former Nyakach Fund Account Manager/Alego Usonga |
| 2. Mr. Dalmas Ndonga | - Fund Account Manager |
| 3. Ms. Polline Maingi | - Asst. Acc. Manager/NG-CDF Board |
| 4. Ms. Christine Mwangolo | - Ag. Finance Officer/NG-CDF Board |
| 5. Mr. Evans O. Achar | - Sub County Principal Accountant |

OFFICE OF AUDITOR GENERAL

- | | |
|-----------------------------|--|
| 1. Mr. Francis Kabui | - Liaison Officer |
| 2. Mr. Peter Kimani Njoroge | - Audit Manager in-charge, Kisumu County |

NATIONAL TREASURY

- | | |
|-------------------------|--|
| 1. Mr. Geoffrey Mwitari | - Asst. Accountant General/Liaison Officer |
|-------------------------|--|

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|------------------------|--------------------------|
| 1. Ms. Hellen Ekadeli | - Second Clerk Assistant |
| 2. Ms. Clare Kidombo | - Research Officer |
| 3. Mr. Ian Otieno | - Audio Recorder |
| 4. Mr. Meshack Mwitali | - Office Assistant |

MIN.NO. NA/ SFAC/2018/233: PRELIMINARIES

The Chairman called the meeting to order at 10.35 a.m. and a prayer said. The agenda included:-

1. The confirmation of pending minutes;
2. Matters arising;
3. Meeting with the Fund Account Manager, Nyakach Constituency regarding reports of the NG-CDF, Nyakach Constituency for the financial years 2013/14, 2014/15 and 2015/16.
4. A.O. B

MIN.NO. NA/ SFAC/2018/ 234: CONFIRMATION OF MINUTES

The minutes of the 50th Sitting were deferred to the next meeting and therefore there were no matters arising.

MIN.NO. NA/ SFAC/2018/ 235: SUBMISSIONS FROM NYAKACH CONSTITUENCY

Evidence on the report of the Auditor General on the financial statements of Nyakach Constituency National Government Constituencies Development Fund for the financial years 2013/14, 2014/15 and 2015/16.

Mr. Dalmas Ndonga, the current Fund Manager accompanied by Mr. Jakoo Miyumo, the former Fund Manager and now the Fund Manager, Alego Usonga constituency, appeared before the Committee on 30th August 2018, to adduce evidence on the audited accounts of Nyakach Constituency Development Fund for the year 2013/14, 2014/15 and 2015/16 financial years.

Mr. Dalmas Ndonga was accompanied by the following officers:-

- | | |
|---------------------------|--|
| 1. Mr. Jakoo Miyumo | - Former Nyakach Fund Account Manager/Alego Usonga |
| 2. Ms. Polline Maingi | - Asst. Acc. Manager/NG-CDF Board |
| 3. Ms. Christine Mwangolo | - Ag. Finance Officer/NG-CDF Board |
| 4. Mr. Evans O. Achar | - Sub County Principal Accountant |

and gave evidence as follows:-

FINANCIAL YEAR 2013/2014

1. UN-SUPPORTED EXPENDITURE

The Committee was informed that payment vouchers totaling to Kshs. 51,477,428 posted in Cash Book and availed for audit review lacked relevant supporting documents such as minutes of

meetings attended, receipts for various payments for goods and services and monitoring and evaluation reports of the various projects.

Further records for payment of Kshs. 1,440,999 to Women Self Help Group for planting seedlings at Koguta Forest, were not availed for audit verification. Physical verification in September 2014 revealed that no trees had been planted since there was no evidence of seedlings received in addition there were no bank statements availed from the women group to confirm that the amount received was still in the bank account. In the absence of the supporting documents, it was not possible to ascertain whether the expenditure was proper charge to public funds.

Management Response

The Committee was informed that the contract of planting seedlings was awarded to Rariw Women Self Help Group through LSO No. 0558302 at a contract sum of Kshs. 1,440,999 being the lowest bidder. Follow ups through monitoring and evaluation revealed that the trees were planted but because of the harsh weather in Koguta, the trees did not survive.

Committee Observation

The Committee observed that the expenditure was not conclusively supported with documents and therefore taxpayers' money was lost.

Committee Recommendation

The Committee recommended that the Auditor General should calculate the disputable figures not supported with documents from the total of Kshs. 51,477,428. The responsibility of lost money rests with the former Fund Account Manager.

2. Failure to file Expenditure Returns

The Committee learnt that Nyakach CDF incurred expenditures totaling Kshs. 9,440,000 in respect of various projects such as water provision, construction of dispensaries, building of classrooms and others which were implemented by Project Management Committees (PMCs). However, the expenditure returns from the PMCs were not availed by the management for audit review.

In the absence of the expenditure returns, it was not possible to ascertain whether the funds disbursed to the PMCs were utilized for the intended purposes.

Management Response

At the time of audit the expenditure returns for the said amount Kshs. 9,440,000 was not availed for verification due to prolonged delay by various PMCs to bring returns after completion of projects. The amounts were disbursed to various PMCs as follows:-

Project Name

Health Centre

Sondu Health Centre was allocated Kshs. 500,000 for plastering and fittings. At the time of audit there were no returns submitted for verification.

Kanyamolo Water Project

Kanyamolo Water Project was allocated Kshs. 500,000 for digging of borehole. The Fund Account manager submitted a bank statement for August 2016 and yet the funds provided were in 2014. There were no minutes provided by the PMC.

Oboch Water Project

Oboch Water Project was allocated Kshs. 500,000 for digging of borehole. At the time of audit there was no expenditure returns submitted for verification.

Kodum Water Project

Kodum Water Project was allocated Kshs. 600,000 for plastering and fittings. At the time of audit, it was found out that there was no budget from the PMC and lacked receipts from Tommins Construction Company.

Olembo Community Water

Olembo Water Project was allocated Kshs. 500,000 for piping (4) km for community water. At the time of audit, there was no budget, minutes and final report submitted to support the expenditure.

Andigo Rongo Dispensary

The plastering and fittings was allocated Kshs. 1,000,000. At the time of audit there was no submission availed for verification.

Rariw Women Self Help Group

The group was allocated Kshs. 1,440,000 for seedling planting. At the time of audit there was no record for bank statement, evidence on how funds were utilized, minutes of the group and accounting documents.

Thurgem Secondary School

The school was allocated Kshs. 500,000 for twin staff quarters and roofing and fittings. At the time of audit, documents were provided but no minutes of the PMC to approve the payments.

Naki Secondary School

The school was allocated Kshs. 800,000 for completion of laboratory. At the time of audit there was no submission done to support the expenditure.

Olembo Secondary School

The school was allocated Kshs. 700,000 for renovation of dormitory. At the time of audit the bank statement of 2015/16 showed that only Kshs. 500,000 was deposited to the school account not Kshs. 700,000. There was no record of the minutes from PMC to approve the payment.

Ragen A.I.C Sec School

The school was allocated Kshs. 500,000 for completion of laboratory, plastering and fittings. At the time of audit there was no submissions given to support the expenditure.

Holo Secondary School

The school was allocated Kshs. 500,000 for plastering and fittings. At the time of audit there was no submissions given to support the expenditure.

Ndori B. C. Sec. School

The school was allocated Kshs. 500,000 for completion of administration block, plastering and fittings. At the time of audit there was no submissions given to support the expenditure.

Kosogo Primary School

The school was allocated Kshs. 400,000 for construction of 1 classroom. At the time of audit the minutes of PMC were submitted but lacked monitoring and evaluation report.

St. Hilarious Sec. School

The school was allocated Kshs. 500,000 for completion of Hall/walling and roofing. At the time of audit there was no documents submitted to support the expenditure.

Committee Observation

The Committee observed through the advice of the Auditor General that there was no value for money in the various projects undertaken by Nyakach Constituency.

3. Cash and Bank Balances

The Committee was informed that the bank balance figure of Kshs. 4,508,215.30 as at 30th June 2014 includes un-presented stale cheques totaling to Kshs. 1,231,781 which management had not reversed and replaced. There was no explanation given why the cheques were not released to the payee.

Further the cash and cash equivalents of Kshs. 5,877,255 as at 30th June 2014 included outstanding imprests totaling Kshs. 1,369,000 which ought to have been accounted for or surrendered by the same date. The management did not explain why the imprest was not accounted for by 30th June 2014.

Management Response

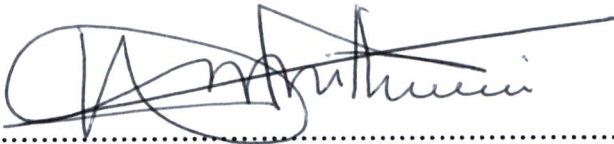
The Committee was informed that there was no evidence that the cheques were cancelled and reversed in the cash book and no imprest warrants and surrenders were attached for verification.

Committee Observation

The Committee observed that there was no value for money and that the non surrender of imprest before 30th June 2014 contravened the existing regulations on issuance and accountability of imprests.

MIN.NO. NA/ SFAC/2018/236: ADJOURNMENT

The meeting was adjourned at 1.40 p.m. and the next meeting will be held on notice.

SIGNED: 

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE: 02-10-2018.

MINUTES OF THE 32ND SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY 29TH MAY 2018, AT AQUARIOUS CONFERENCE ROOM, GRAND ROYAL SWISS HOTEL KISUMU COUNTY, AT 4.30 P.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Gesito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Mwambu M. Mabongah, M.P. | |
| 9. Hon. Geoffrey Omuse, M.P. | |
| 10. Hon. James G.K Wamacukuru, M.P. | |
| 11. Hon. Marwa Kitayama Maisori, M.P. | |
| 12. Hon. Esther M. R. Passaris, M.P. | |
| 13. Hon. Jared Okelo, M.P. | |

APOLOGIES

1. Hon. Erastus Kivasu Nzioka, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. Mohamed Ali, M.P.
4. Hon. Rehema Dida Jaldesa, M.
5. Hon. Abdi Koropu Tepo, M.P.
6. Hon. Irene Kasalu, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

- | | |
|-------------------------|---|
| 1. Mr. Geoffrey Mwitari | - Assistant Accountant General/Liason Officer |
| 2. Mr. Aggrey Okore | - District Accountant |

OFFICE OF THE AUDITOR GENERAL

1. Mr. Wilson Maiyo - Auditor

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

- | | |
|---------------------------|--|
| 1. Ms. Polly Maingi | - Chief Accountant/Parliamentary Liaison |
| 2. Ms. Christine Mwangolo | - Ag. Senior Manager, Field Operations |
| 3. Ms. Beatrice Otieno | - Accountant |
| 4. Mr. Tom Wasike | -Fund Manager, Seme /Ag. Regional Cordinator, Nyanza |

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|-----------------------|--------------------------|
| 1. Ms. Lucy Kimathi | - Senior Clerk Assistant |
| 2. Ms. Ruth Mwhaki | - Third Clerk Assistant. |
| 3. Mr. Robert Ngetich | - Fiscal Analyst |
| 4. Mr. Ian Otieno | - Audio Recording |

5. Ms. Naserian Kaare

- Serjeant- at- Arms

MIN.NO. SFAC 141/2018: PRELIMINARIES

The Chairman called the meeting to order at 4.40 p. m and a prayer was said.

MIN.NO. 142/2018: EVIDENCE: FUND MANAGER– MUHORONI NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – MUHORONI CONSTITUENCY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016.

Mr. Henry J. Opilo, Substantive Fund Account Manager, Muhoroni accompanied by Mr. Desmond O. Saka, Sub County Public Works office, Muhoroni appeared before the Committee and gave evidence on:

FY 2015/2016

(i) Paragraph 1 on Transfers to other government units

1.1 Unsupported government expenditure

The Office of the Auditor General submitted that the management opted to issue contract for the project instead of dealing with a PMC.

The Fund manager reported that the management used pre qualified contractors instead of open tendering for contracts above Kshs. 5,000,000.00

The Committee observed that there was contravention of the procurement law in the awarding of the Contracts for Olik Oliero Secondary School –Kshs.8, 293,594.00), St. Stephens Menara Secondary, Kshs. 6,500,000.00, Koru Girls High School- Kshs.5, 063, 632.00 and Ayiecho Nyatao Secondary Kshs. 8,288,912.00).These projects with a contract sum of over Kshs.5, 000,000.00 ought to have been advertised as per the procurement law

The Committee further observed that PMCs should be the ones to implement projects. The role of the fund manager is to provide technical advice to the PMCs on requirements of the law and other relevant matters. As the accounting officer for the NGCDF at the Constituency level, the fund manager is obligated under the law to provide guidance and take responsibility for the decisions made. Expenditure returns (Sec 38 of NGCDF Act) are to be made by the fund managers including those of the PMCs. Fund managers are guided by the Board on release of funds for large contracts.

The NGCDF Board submitted that it has issued a circular that the fund managers should keep a schedule for the PMCs

1.2 Unreconciled expenditure

The Office of the Auditor general reported that they had verified the unreconciled difference of Kshs. 5, 421, 072 .00

The district accountant reported that the vouchers that were missing were due to misfiling and the documents were eventually availed. The NT further highlighted the issue of understaffing in sub county Treasuries, which is being addressed.

The matter was reported as resolved.

i. Paragraph 2 on Other grants and other payments

2.1 Emergency fund

The Office of the Auditor General submitted that the use of emergency fund did not meet the threshold set by the NGCDF Act (Sec.8 (3))

The fund manager reported that routine returns were done to the Board but they did not highlight the emergency projects for which funds were expended in the correct format.

The NGCDF Board reported that the Boards internal audit picked up the issue of emergency spending by the Constituency, but the matter is yet to be discussed at the board level.

The Committee observed that the Constituency has spent a lot of emergency funds on repairing of graders

Further, that some of the items the constituency expends on as emergency projects do not qualify as emergencies as per the Act.

The Committee observed that the Fund managers, as accounting officers for the NG- CDFC at the Constituency levels are held accountable (Section 68 of PFM Act provides for the responsibilities of the FM). Fund managers should therefore undertake take their responsibilities as per the law.

2.2 Sports projects

The Office of the Auditor General submitted that there was a mix up of records in the project .However, the original vouchers have subsequently been availed and verified and the matter was reported as resolved.

The Committee observed that that under the item for Sports, Kshs. 956,000 was paid out to Muhoroni District Education Officer to carry out benchmarking exercises in Mombasa, Nakuru and Busia. However, no documents were availed to show how these funds were utilized.

The Committee observed the failure by the Fund manager to provide proper guidance on financial expenditure to the CDFC.

The Committee to make a recommendation in its report.

2.3 Roads projects

The Office of the Auditor General submitted that the OAG had not verified the project in particular Kshs. 774, 000 works that had not been done but yet to be paid.

The Committee resolved that the Office of the Auditor General should verify from the ground that the works pertaining to the 774,000 has been completed and reports back to the Committee in two weeks from the date of the sitting.

2.4 Unsupported payment Vouchers

The Office of the Auditor General submitted that documents had been availed for verification were availed late.

(ii) Paragraph 3 on Acquisition of assets

The Office of the Auditor general reported that physical verification shows the furniture was acquired

(iii) Paragraph 4 on Cash and Cash equivalents

The Office of the Auditor General reported that they needed to verify the cheques that were replacing the original ones and report back to the Committee in a week.

The matter was reported as outstanding

(iv) Paragraph 5 on Statement of appropriation – Recurrent and Development expenditure

The OAG reported that the accounts have been verified.

Other Matter

i. Paragraph 1 on Budget Performance Analysis

Matter reported as resolved

ii. Paragraph 2 on Previous years matters

The Office of the Auditor General reported that reporting template requires the fund manager to indicate issues raised in the previous year in the year under review. The Fund Manager committed to adhere to the reporting template in the next reporting cycle. The NGCDF Board to further work with the Fund managers during audit to ensure adherence to reporting requirements.

MIN.NO. SFAC 143/2018:

ADJOURNMENT

There being no other business the meeting was adjourned at 5: 20 p. m. The next meeting will be held on

SIGNED:

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE: 07/06/2018.

MINUTES OF THE 31ST SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON TUESDAY 29TH MAY 2018, AT AQUARIOUS CONFERENCE ROOM, GRAND ROYAL SWISS HOTEL KISUMU COUNTY, AT 9.00 A.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Gesito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Mwambu M. Mabongah, M.P. | |
| 9. Hon. Geoffrey Omuse, M.P. | |
| 10. Hon. James G.K Wamacukuru, M.P. | |
| 11. Hon. Marwa Kitayama Maisori, M.P. | |
| 12. Hon. Esther M. R. Passaris, M.P. | |
| 13. Hon. Jared Okelo, M.P. | |

APOLOGIES

1. Hon. Erastus Kivasu Nzioka, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. Mohamed Ali, M.P.
4. Hon. Rehema Dida Jaldesa, M.
5. Hon. Abdi Koropu Tepo, M.P.
6. Hon. Irene Kasalu, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

1. Mr. Geoffrey Mwitari - Assistant Accountant General, Lia
2. Mr. Aggrey Okore -District Accountant

OFFICE OF THE AUDITOR GENERAL

1. Mr. Wilson Maiyo - Auditor

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

1. Ms. Polly Maingi - Chief Accountant/Parliamentary Liaison
2. Ms. Christine Mwangolo - Ag. Senior Manager, Field Operations
3. Ms. Beatrice Otieno - Accountant
4. Mr. Tom Wasike -Fund Manager, Seme /Ag. Regional Cordinator, Nyanza

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Lucy Kimathi - Senior Clerk Assistant
2. Ms. Ruth Mwihaki - Third Clerk Assistant.
3. Mr. Robert Ngetich - Fiscal Analyst
4. Mr. Ian Otieno - Audio Recording

5. Ms. Naserian Kaare

- Serjeant- at- Arms

MIN.NO. SFAC 136/2018: PRELIMINARIES

The Chairman called the meeting to order at 9.30 a. m and a prayer was said. He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 137/2018: CONFIRMATION OF MINUTES

Minutes of the 29th sitting held on Monday 28th May, 2018 at 9.00 am were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Esther Passaris M.P. and seconded by the Hon. Jared Okello, M.P

Minutes of the 30th sitting held on Monday 28th May, 2018 at 4.00 pm were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Denittah Ghatti, M.P. and seconded by the Hon. James Kamau Githua Wamacukuru, M.P.

MIN.NO. SFAC 138/2018: MATTERS ARISING

Under Min. 134/2018

The Committee resolved that the visit to the two schools be rescheduled to a later date after the formal communication has been made.

MIN.NO. 139/2018: EVIDENCE: FUND MANAGER– MUHORONI NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – MUHORONI CONSTITUENCY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016.

Mr. Henry J. Opilo, Substantive Fund Account Manager, Muhoroni accompanied by Mr. Desmond O. Saka, Sub County Public Works office, Muhoroni appeared before the Committee and gave evidence on:

The Committee observed that the NGCDF board had various fund managers in acting positions where the board was yet to substantively fill the positions. The NGCDF Board submitted that it has already proposed to the Public Service Commission for the staffing of the regional offices.

The Committee recommends that the NGCDF should have well staffed regional offices in every region to coordinate the activities of the board in those regions. Further, that the NGCDF Board fills up all existing vacancies for fund managers to ensure the smooth running of NCDFs across the country.

Committee further recommends that the NGCDF relieves the Muhoroni fund manager from his Acting position as the Kisumu Central Fund manager and fills that position. This should apply to all constituencies with Acting Fund managers. The Board should further ensure delocalization of Fund Managers in their posting and ensure the posting policy is adhered to avoid fund managers overstaying in one station for long.

FY 2013/2014

- (i) Paragraph 1 on Reallocation of funds without approval

The Office of the Auditor General reported that the Constituency exceeded the emergency vote spending without seeking the authority of the Board.

On the issue of purchase and maintenance of graders, the NGCDF Board submitted that the policy of the Board on equipment like graders was that the Board is no longer approving purchase of graders. The Board has further taken stock of all graders available and for those that were operating, PMCs were formed for each. However, most of the graders are stalled since roads are devolved function. The NGCDF is urging the CDF Boards to dispose them by handing them over to Public works.

The Committee recommends that the Board should issue guidelines on how the graders should be disposed of and the proceeds from the sales reallocated to other projects in the constituency.

(ii) Paragraph 2 on Poor workmanship on CDF funded projects

1. Construction of two classrooms and administration block at Mutwala Girls Secondary School

The Committee heard that the Office of the Auditor General visited the schools and confirmed that repair works had been done.

The Committee raised an issue of poor workmanship in some projects. The Public Works office reported that the office was involved in the projects from the start and all stages are verified during the construction. Further, that some of the defects could only be noticed after the project is finalized and the contractor had within six months to repair at his own cost. The walls had superficial cracks which were therefore corrected and the costs were on the contractors.

The Committee expressed dissatisfaction with the supervision by the Public Works Office since most of the projects reported had developed cracks.

Committee recommends that all projects should have pararell files at the CDF office and one with the contractor for ease of ensuring quality assurance and follow up on progress.

The Committee further recommends that fund managers should to use government departments to ensure quality as per the provisions of the NGCDF Act.

2. Construction of Dormitories at St Rita Girls Secondary School

The Committee heard that whilst the project had been repaired, the Office of the Auditor General could not verify when the works were done.

The Committee noted with concern that the audit query had highlighted serious issues on the workmanship of the St. Rita girls secondary school double storey dormitory where the completed ground floor of the building and cubicle walls in the dormitory had very big cracks and two of such had even collapsed and were to be built again. The Public Works officer assured the Committee that the building is structurally safe for habitation.

The Committee noted that the project was awarded at a contract sum of Kshs. 7, 186, 896. The fund manager reported that the total contract sum was around Kshs.10,000,000.00. The NGCDF Board reported that the project was not amongst the approved projects for 2013/2014 FY .It was therefore not possible to establish value for money for the project

The Committee resolved that the works officer avails his comments on the construction to the Committee while the NGCDF confirms when the project was approved, the approved cost and reports back to the Committee

The Committee further resolved that the office of the Auditor general revisits Pala and Kalenda primary schools in Nyando Constituency and Mutwala and Rita Girls in Muhoroni Constituency and does a physical verification of the projects and reports back to the Committee in two weeks from the date of the sitting.

The Office of the Auditor General to further check on the award of the contracts and establish whether the proper procedures were followed and report back to the Committee.

The NGCDF board to coordinate with the Muhoroni Fund Manager to ensure he acquires the services of a structural and quantity surveyor to accompany the OAG during in the inspection.

FY 2014/2015

(i) Paragraph 1 on Bank Balances

The Office of the Auditor General reported the fund manager had not provided a breakdown of the analysis of the Cash balances for verification.

The District Accountant, Muhoroni Sub County availed a breakdown of the accumulated bank charges for verification by the Office of the auditor general.

The matter was reported as resolved.

(ii) Paragraph 2 on Roads projects

The Fund manager reported that during audit, the works were ongoing and the completion certificates could not be availed but the KeRRA reports have since been availed to the Auditor General for verification.

The Committee took issue with the failure of the fund manager to avail the BQs for verification at the time of audit.

The Committee observed that on payment of one payment to two suppliers, the KeRRA Report was not availed to the Auditor general for verification.

The Committee observed that the CDF did not involve the line ministry which in this case KeRRA in the project.

Committee noted the non presentation of documents for verification during audit and notes that late submission of documents for verification by fund managers during the audit window is in violation of Section 62(1)(2) of the Public Audit Act 2015

The Committee recommends that the NG-CDF Board should prepare the fund managers for Audit to ensure that Auditors receive the necessary documentations required from the Fund managers.

The Committee to make its recommendation in its report.

(iii) Paragraph 3 on supply of furniture

The Office of the Auditor General submitted that 440,000 was paid to a furniture centre for the procurement of staff chairs and tables for Obumba Mixed Secondary school during 2013/2015. While the documents submitted by management for verification for the expenditure were sufficient, it was not clear why the management did not create a PMC to implement the project.

The committee notes that the purchase of seats was not an emergency and creating the PMC would have been the right process for the project.

Other Matter

i. Paragraph 1 on Budget Implementation analysis

The matter was reported as resolved as the fund manager had availed the necessary justifications to clear the audit query.

The Committee notes the late disbursement of the funds as and the manner of reporting by the Auditors which places the onus of non implementation of projects on the Constituency whilst in reality the responsibility for delay in funds disbursement which ultimately affects project implementation lies with the National Treasury and by extension the NGCDF board.

The Committee recommends that the OAG qualifies their statements in the next audit report with a rider on the late disbursement of funds.

The Committee will also make its recommendation in its report.

ii. Paragraph 2 on Hiring of excavator

The OAG reported that the management provided satisfactory explanations on the expenditure of Kshs. 3,164, 000.00 paid to Solar World East Africa for excavation services for purposes of distillation. On the mobilization fees for the project, the OAG reported that it was not clear how the management arrived at a mobilization fee of the excavators from Nairobi to Kisumu for Kshs .150, 000.00 and 175 machine hours.

The Committee observed that being a full contract, the mobilization fee ought to have been part of the contract

MIN.NO. SFAC 140/2018:

ADJOURNMENT

There being no other business the meeting was adjourned at 3: 20 p. m. The next meeting will be held at 4.30 pm.

SIGNED:

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE:

07/06/2018

MINUTES OF THE 30TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON MONDAY 28TH MAY 2018, AT AQUARIOUS CONFERENCE ROOM, GRAND ROYAL SWISS HOTEL KISUMU COUNTY, AT 4.00 P.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Gesito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Mwambu M. Mabongah, M.P. | |
| 9. Hon. Geoffrey Omuse, M.P. | |
| 10. Hon. James G.K Wamacukuru, M.P. | |
| 11. Hon. Marwa Kitayama Maisori, M.P. | |
| 12. Hon. Esther M. R. Passaris, M.P. | |
| 13. Hon. Jared Okelo, M.P. | |

APOLOGIES

1. Hon. Erastus Kivasu Nzioka, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. Mohamed Ali, M.P.
4. Hon. Rehema Dida Jaldesa, M.
5. Hon. Abdi Koropu Tepo, M.P.
6. Hon. Irene Kasalu, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

1. Mr. Geoffrey Mwitari - Assistant Accountant General/Liason Officer

OFFICE OF THE AUDITOR GENERAL

1. Ms. Eugenia Onyuka - Auditor
2. Mr. Joshua Kededda -Auditor

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

1. Ms. Polly Maingi - Chief Accountant/Parliamentary Liaison
2. Ms. Christine Mwangolo - Ag. Senior Manager, Field Operations
3. Ms. Beatrice Otieno - Accountant

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Lucy Kimathi - Senior Clerk Assistant
2. Ms. Ruth Mwhaki - Third Clerk Assistant.
3. Mr. Robert Ngetich - Fiscal Analyst
4. Ms. Naserian Kaare - Serjeant- at- Arms

5. Mr. Ian Otieno

- Audio Recording Officer

MIN.NO. SFAC 133/2018: PRELIMINARIES

The Chairman called the meeting to order at 4.15 p. m and a prayer was said. He thereafter invited those present to introduce themselves.

MIN.NO. 134/2018: EVIDENCE: FUND MANAGER– NYANDO NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – NYANDO CONSTITUENCY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016.

Mr. Alfred Chesaina, the current Fund Account Manager, appeared before the Committee accompanied by Ms. Annabel Odera, Assistant Accountant, and gave evidence on:

FY 2013/2014

Paragraph 1 on Fixed Asset Register(Land Ownership and Land Rover GKA783S)

The OAG reported that the title deed is yet to be processed. However, the Fund Account Manager availed documentation to show they were awaiting processing of the title deed.

The matter of the title deed had therefore been resolved.

On Motor vehicle, the Committee noted that the Motor vehicle log book was still held under the name of Chuka and Nyando, contrary to provisions of Section 36 (3) of NG- CDF Act, 2015 which provides that *“all fixed and moveable assets shall bear the name and number of the Constituency”*.

The Board submitted that all assets of in the Constituencies, including land are registered under the name of the Board and that Motor Vehicles are under the address of the constituency.

The Committee interrogated the rationale of the Board owning the Constituencies assets given that the funds are legally dispensed to the constituencies (for assets acquired by various constituencies)

The Committee recommended that since the motor vehicle is under the ownership of the Board, the Board should ensure that the address box for the vehicle is corrected to reflect Nyando.

The Committee further resolved that the NG-CDF Board should provide a list of all assets held by the constituencies and all the registered assets, in particular land registered under the board and where they are situated.

The Committee will further make a recommendation on assets ownership in its report.

(ii) Paragraph 2 on Non filing of expenditure by project management committee

The office of the Auditor general reported that the files were checked and documentation provided and matter resolved.

The NGCDF board reported that the custody of PMC documents is with the CDFCs but the NG- CDF Board has pararell documents to the ones of the PMCS.

The Committee recommended that the Board should ensure that Constituencies maintain two parallel PMC registers, with one maintained by CDFC and the original under NG-CDF Board. This will ensure that all documentation is available to the Fund Account Managers for ease of reference, especially during audit period.

(iii) Paragraph 3 on Renovation of five classrooms at Luora Ayweyo Primary School

The office of the Auditor general reported that they had verified the completion certificate and the completion of the project.

The Committee noted that the copies of Bills of Quantities submitted for the project were signed, dated and did not indicate the name of the person who had certified. The authenticity of the document could therefore not be ascertained.

The matter is therefore outstanding and the Committee shall make a recommendation in its report.

Other Matter

Poor Construction Works

The office of the Auditor general reported that they were able to verify all the documents .Only two documents for Awasi PAG and Lela sec school were not availed for verification.

The fund manager was tasked to avail the documents to the Auditor General.

Issue not resolved.

FY 2014/2015

(i) Paragraph 1 on Un supported payments for Kshs 5, 157, 387

The matter was reported as resolved as the office of the Auditor general office of the Auditor general office of the Auditor general office of the Auditor general has been able to verify the works documents

(ii) Paragraph 2 on Summary statement of appropriation

The matter was reported as resolved as the auditor was able to confirm funds rolled over to the following year.

Other Matters

Budget implementation analysis

The matter was reported as resolved as the necessary explanations were availed

FY 2015/2016

(i) Paragraph 1 on irregular payments, Committee allowances

The matter was reported as resolved as the explanation given was sufficient.

(ii) Paragraph 2 on Transfers to other governments units

2.1 Unsupported transfers

The matter was reported as resolved as the certificates from the Kenya rural roads authority have been verified

2.2 Transfers to Primary Schools

1. Kadete Pry school- 2,000,000

The matter was reported as resolved as the relevant documents were availed. The office of the Auditor general however reported that serious cracks are still visible on the building.

2. Nyakongo Pry

The matter was reported as resolved as relevant documents were availed and verified

3. Pala Pry

Certificates of completion were availed. The office of the Auditor general however reported that serious cracks are on the walls and the floor

The Committee resolved to visit two of the schools. Kadete and Pala pry schools to inspect the projects. The Clerk of works to be available during the visit.

(iii) Paragraph 3 on Other grants and Transfers

3.1 Unsupported expenditure

The matter was reported as resolved as the OAG verifies that the difference of 1,546,500 was due to a misfiling error for figures carried forward from the previous year. The error in documentation has been corrected and matter resolved.

3.2 Bursary to Secondary and Tertiary Institutions

The matter was reported as resolved

The Committee was informed that the Ministry of Education had issued instructions that all bursaries to institutions should be receipted. It is therefore incumbent upon the fund manager to follow up on the acknowledgement of the receipts. Bursary beneficiaries ought to be documented and Institutions must make acknowledgements on Bursary receipts.

3.3 Water projects

The matter was reported as resolved as the office of the Auditor general has been able to verify the projects and project documents.

However, it was reported that the PMC for the water project are not able to keep proper records for the income generated through the projects.

3.4 Road projects

The office of the Auditor general reported that the following projects were verified by the Auditor on site and the status is as follows:

Kodondo - Riar Road	- Culvert has been installed. No completion certificate from KeRRA
Okana - Ranjira Road	- no sign post
Obugi- Disi Road	- No completion certificate issued
Magendo - Koluga Road	- no sign post
Kobura - Kuoyo - Obugi Road	- physical verification shows there's still an issue with the Culvert put 600 mm instead of 900mm.
Siany Kabonyo Access	- no sign post. Culvert needs to be cleaned up

2

2

2

The office of the Auditor general reported that most of the roads in Nyando Constituency were done by the KeRRA but there is an outstanding issue where the County Government, KeRRA and Constituencies now claim the same roads.

The NGCDF Board reported that the law barring NG-CDF from undertaking road construction projects came in to effect in February 2016. Approvals for road projects were only granted prior to February 2016. Since then, the Board only approved projects where KeRRA confirmed the projects fall under the National Governments.

The Committee observed that the instructions on the road construction were given by KeRRA to contractors and Companies doing the works yet the Constituency was the implementing agency. It was further observed that unless KeRRA owns the projects, KeRRA can only become a project manager upon being appointed project manager and there has to be minutes and instructions to that effect.

It is therefore not clear whether there was value for money as it is not clear who did the roads, CDF, KeRRA or County Government.

The Committee also observed the incomplete documentation of records availed for scrutiny ie, the Joint measurement sheet for Magendo Kolunga Access Road , Siany- Kabonyo Access Road, Kobura-Kuoyo –Obugi Access Road, Okana- Ranjira Access Road, Obugi –Disi Access Road was not signed by the Contractor.

The Committee resolved that communication be made to Kenya Rural Roads Authority (KeRRA) to ascertain the level of involvement of the agency in implementing the roads projects in question.

The Committee to make recommendations in its report.

The Matter remains outstanding

3.5 Emergency projects

The matter was reported as unresolved as it was not clear whether the project met the threshold of an emergency and if the necessary approvals were acquired.

3.6 Security projects and Environment

The office of the Auditor general reported that the two projects Okaka Ap Post- Kshs. 300,000 and Kshs.200,000 Environment projects were not emergency projects they are not unforeseen .The matter was reported as unresolved

(iv) Paragraph 4 on Acquisition of assets

The office of the Auditor general reported the matter as unresolved.

The Fund manager has not yet availed bank statement to which should ascertain the amount of Ksh, 900,000 as money for works not yet completed.

The Board submitted that the Project had been proposed as new and that the Board had approved 2.5 M. The amount under query ought to have been disclosed as project not completed and not as pending bill

There was an additional allocation of 500,000 in 2016/2017 towards the perimeter fence. Paragraph 5 on Cash and Cash equivalents

The office of the Auditor General reported that as per the records of 2017 the reversals have been made. The matter was reported as resolved.

(v) Paragraph 6 on Statement of Appropriation – Recurrent and Development

The office of the Auditor General reported that the Kshs. 500,000 was meant for audit fees but the decision to pay the fees was reversed. The Constituency sought a reallocation of the funds that was approved and allocated to Nyachoda primary School.

The matter was reported as resolved.

Area MP requested the Committee to relook the issue of the roads before making its report. He further requested KeRRA and the Fund manger be given an opportunity to appear before the Committee to clarify on the audit queries arising out of the road projects.

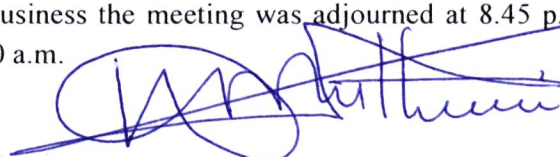
The Committee resolved that KeRRA be invited to appear before the Committee ,and to avail before the Committee the 2015/2016 procurement plan .The Fund Manager to also present the procurement plan showing which roads were to be funded by the CDF in the 2015/2016 FY

The Committee further resolved that the National Treasury ensure that District Accountants are present during the meetings to clarify on some issues that may arise. Consequently, the National Treasury Liaison officer is to ensure that the Districy Accountant for Muhoroni is present during the meting with Muhoroni NGCDF of Tuesday 29th May 2018 at 10..00 am.

MIN.NO. SFAC 135/2018: ADJOURNMENT

There being no other business the meeting was adjourned at 8.45 p. m. The next meeting will be held on Tuesday May 28 at 9.00 a.m.

SIGNED:


HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE:

29/05/2018.

MINUTES OF THE 29TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON MONDAY 28TH MAY 2018, AT AQUARIUS CONFERENCE ROOM, GRAND ROYAL SWISS HOTEL KISUMU COUNTY, AT 9.00 A.M.

PRESENT

- | | |
|--|-------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | -Vice Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Gesito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Geoffrey Omuse, M.P. | |
| 9. Hon. James G.K Wamacukuru, M.P. | |
| 10. Hon. Marwa Kitayama Maisori, M.P. | |
| 11. Hon. Esther M. R. Passaris, M.P. | |
| 12. Hon. Jared Okele, M.P. | |
| 13. Hon. Mwambu M. Mabongah, M.P. | |

APOLOGIES

1. Hon. Erastus Kivasu Nzioka, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. Mohamed Ali, M.P.
4. Hon. Rehema Dida Jaldesa, M.
5. Hon. Abdi Koropu Tepo, M.P.
6. Hon. Irene Kasalu, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

1. Mr. Geoffrey Mwitari - Assistant Accountant General

OFFICE OF THE AUDITOR GENERAL

1. Mr. Joshua Kededa - Auditor
2. Ms. Eugenia Onyuka - Auditor

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

1. Ms. Polly Maingi - Chief Accountant/Parliamentary Liaison
2. Ms. Christine Mwangilo - Ag. Senior Manager, Field Operations
3. Ms. Beatrice Otieno - Accountant

NATIONAL ASSEMBLY SECRETARIAT

1. Ms. Lucy Kimathi - Senior Clerk Assistant
2. Ms. Ruth Mwihaki - Third Clerk Assistant.
3. Mr. Robert Ngetich - Fiscal Analyst
4. Mr. Ian Otieno - Audio Recording

MIN.NO. SFAC 128/2018: PRELIMINARIES

The Chairman called the meeting to order at 9.15 a. m and a prayer was said. He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 129/2018: CONFIRMATION OF MINUTES

Minutes of the 23rd sitting held on Wednesday 16th May, 2018 at 9.00a.m were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Geoffrey Omuse, M.P and seconded by the Hon. Marwa Kitayama Maisori M.P.

Minutes of the 24th sitting held on Wednesday 16th May, 2018 at 2.30 p.m were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Denittah Ghatti, M.P and seconded by the Hon. Marwa Kitayama Maisori M.P

Minutes of the 25th sitting held on Thursday 17th May, 2018 at 9.00 am were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Mark Lomunokol M.P. and seconded by the Hon. Denittah Ghatti, M.P

Minutes of the 26th sitting held on Thursday 17th May, 2018 at 2.30pm were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. James G.K Wamacukuru M.P. and seconded by the Hon. Geoffrey Omuse, M.P

Minutes of the 27th sitting held on Friday 18th May, 2018 at 9.00 am were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Shakeel Shabbir M.P. and seconded by the Hon. Marwa Kitayama MaisoriM.P

Minutes of the 28th sitting held on Friday 18th May, 2018 at 2.30 pm were confirmed as a true record of proceedings of that meeting on a proposal by the Hon. Geoffrey Omuse M.P and seconded by the Hon. Mark Lomunokol M.P.

MIN.NO. SFAC 130/2018: MATTERS ARISING

Under Min. No. 114/2018

The Committee will consider the legal opinion to be provided by the Directorate of Legal Services in the National Assembly prior to summoning the Board of Cooperative Bank of Kenya to explain the circumstances under which money was withdrawn fraudulently.

Under Min. No. 123/2018

The Committee resolved to reschedule the meeting with Ethics and Anti-corruption Commission to enable it complete investigations that are currently underway in Embakasi South constituency.

Under Min. No. 126/2018

The Committee resolved to reschedule the meeting with Ethics and Anti-corruption Commission to enable it complete investigations that are currently underway in Embakasi North constituency.



REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – KISUMU CENTRAL CONSTITUENCY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016.

The Committee took note that the Fund Account Manager had appeared before it on 4th April, 2018. However, he had not shared his responses and documents as evidence to support most of the audit queries with the office of the Auditor General as requested in the invitation letter. Consequently, the Committee resolved not to consider the submissions and resolved that the meeting be rescheduled to a later date to enable the Fund Account Manager resolve the outstanding issues with the Office of the Auditor general.

Mr. Henry J. Opilo, Fund Account Manager, appeared before the Committee and gave evidence on:

FY 2013/2014

(i) Paragraph 1 on Payment on Sports Activities

The fund manager reported that the CDF formed a technical committee to help it undertake the football tournament, whereby he took Imprests on behalf of the Committee to facilitate the activity. He further stated that the requirements at that time did not necessitate the formation of Project Management Committees (PMCs) for sports and environment activities.

The NGCDF Board reported that it has not issued guidelines on formation of PMCs for sports, environment and other activities that cut across the constituency and that these activities are treated in the same manner as disbursement of bursaries. However, the Board advised that **ad hoc committee** could be formed to oversee and undertake the planning and implementation of sports activities and that allowed expenses towards the tournaments excludes payment of allowances to ad hoc Committee since PMCs are the only one eligible for such allowances.

The Board further stated that the only allowable expense on sports is on procurement of games kits, purchase of trophies and balls and excludes refreshments and cash awards to winning teams.

The Committee noted that the guidelines as explained by the Board are not supportive of this critical activity in constituencies and recommended that **the Board should provide clear guidelines on formation of ad hoc committees just as PMCs.**

The matter was reported as resolved.

(ii) Paragraph 2 on Reallocation of Funds

The Committee heard that the CDF management re allocated Ksh. 1,238,000 from emergency funds to bursary and hire of tents and chairs for a capacity building training without approval from the CDF board. There was no approval for the change of activity as required by the NG-CDF Act.

The fund manager submitted that being a newly created Constituency, the CDFC underestimated the bursary requirement setting it at 18 percent instead of 25 percent of the allocation. The uptake was high and some needy cases were left out thereby necessitating allocation from the emergency fund. The Constituency has subsequently managed bursary allocations within the law.

The NGCDF Board reported that all reallocations must be approved by the Board. It further advised that bursary is not an emergency and that circumstances for a project to qualify for emergency must be unforeseen.

The Board further submitted that the allocation for Emergency Fund is 5% in each Financial Year and that in the event that the money is not spent, a constituency can request for reallocation of that money. The Committee was informed that the Board had authorized the secretariat to approve reallocations on amount below Kshs. 1000,000.

The matter was reported as satisfactory.

FY 2014/2015

(i) Paragraph 1 on Cash and Cash equivalent

The Office of the Auditor General reported the matter as resolved since the fund manager had submitted the relevant documents for verification.

The Auditor General informed the Committee that in the event where original vouchers are not available, parallel cashbooks that are maintained are used as secondary documents for verification

(ii) Paragraph 2 on Disiltation and Drainage of Alwera Camp

The matter was reported as resolved as the relevant documents including certificate of completion were availed for verification.

The Committee took note that most Fund Managers do not engage relevant Government Departments during implementation of projects as provided under Clause 31(1) of the NGCDF Act, 2015.

The Board submitted that constituencies have faced challenges while seeking services from the Government Departments, and ultimately delays in completion of the same. The Board further submitted that it will propose amendments to the Act to allow constituencies to procure services of relevant registered professionals while undertaking projects.

The Committee to make its recommendations.

(iii) Paragraph 3 on Construction of Police posts

a) Migosi Police post

Whilst the Office of the Auditor General submitted that the Bills of Quantities and certificate of completion were eventually availed for verification, the Committee expressed dissatisfaction with documents that were submitted, taking note of the inconsistencies in the dates. For instance, the offer letter dated 5th May 2015 was conveying a decision of a meeting held on 22nd March, 2017 whilst the submitted copy of the contract agreement was made on 15th April 2017.

The matter remains unresolved.

b) Nyalenda B Police Post

The Committee noted that the Office of the Auditor General had cleared the queries after submission of documentation. However, the Committee noted that the documents submitted to support the expenditure had inconsistencies and could therefore not be admitted as evidence.

The matter was remains unresolved and the Committee will make its recommendation in its report

Other Matter

1. Budget Implementation

The matter was reported as resolved.

2. Construction of flood lights

The Committee noted that the contract sum of Kshs.6,068, 219 for the floodlights was beyond the allowable threshold (Ksh.500,000.00) for use of Quotation as a method of procurement

The Committee noted that the Fund Account Manager acted in contravention of section 29(1) of the Public Procurement and Disposal Act 2005.

Committee to make its recommendations

FY 2015/2016

(i) Paragraph 1 on Inaccuracies in the financial Statements

3.1 Transfers to other government units

The Office of the Auditor General submitted that a schedule of original vouchers had not been availed for verification. What was availed were copies of the schedules.

The fund manager submitted that the documents in question are under the custody of the National Treasury - District Accountant. He could therefore only access copies of vouchers and those were the documents he availed for verification.

The Committee took note that the right documents were availed but not the original documents which are at the National Treasury.

The Committee recommended that the Auditor General verify the copies with the National Treasury to ascertain their authenticity and report to the Committee.

The matter was reported as outstanding

3.2 Summary statement of Appropriation

The matter was reported as resolved.

The Committee however directed that details of the projects rolled over from the previous financial years be availed to the Auditor general for verification since the adjustment figures in the cash book can only be supported by the roll over budget.

(ii) Paragraph 2 on Cash and Cash equivalents

The matter was reported as resolved as the Office of the Auditor General confirmed the reversals were done in the subsequent reconciliation, Imprest registers availed and miscellaneous receipts confirmed..

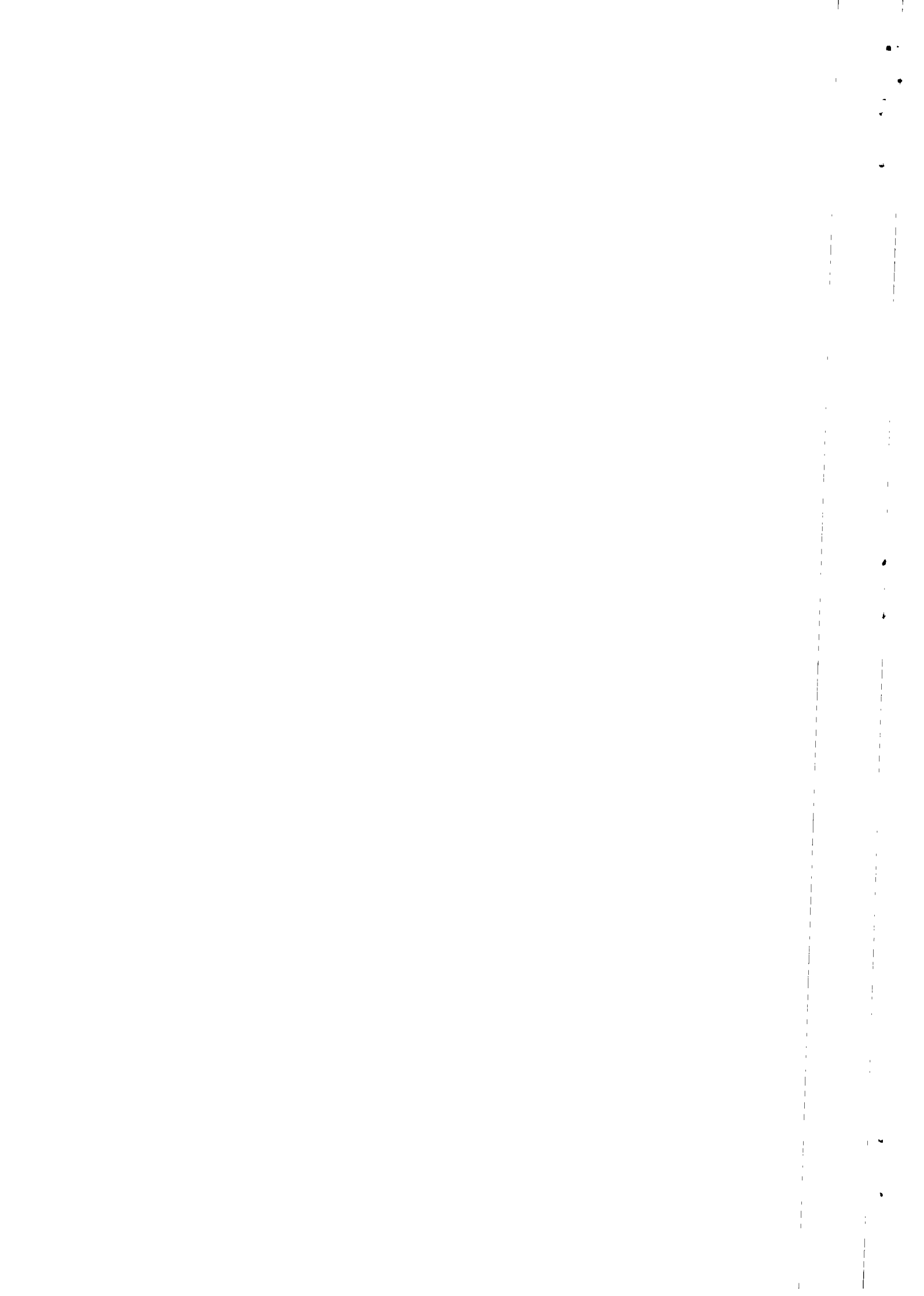
(iii) Paragraph 3 on Other grants and transfers

3.1 Road maintenance

Remedial Completion of Migosi and Nyalenda Police Stations

The Committee noted inconsistencies in the documents tabled since they appeared to have been altered and not countersigned. The documents could therefore not be admitted as evidence.

The matter remains outstanding



(iv) Paragraph 3 on Construction of Hon. Ken Obura Secondary Schools

The Office of the Auditor General reported that relevant documents had not been availed for verification.

The Committee observed that the documents tabled presented were not the standard required and that's why the OAG requires original docs for verification.

The matter was reported as outstanding.

(v) Paragraph 4 on Unsupported payments

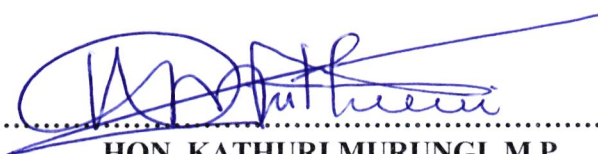
The matter was reported as resolved as the work tickets and vouchers were availed for verification. However, the register for fuel consumption was not availed.

Fund manager undertook to provide the register for verification.

MIN.NO. SFAC 132/2018: ADJOURNMENT

There being no other business the meeting was adjourned at 3:20 p. m. The next meeting will be held at 4.00 pm.

SIGNED:



**HON. KATHURI MURUNGI, M.P
CHAIRPERSON**

DATE:

29/05/2018

MINUTES OF THE 19TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON THURSDAY 5TH APRIL 2018, IN RUBY HALL, SOVEREIGN HOTEL, KISUMU COUNTY, AT 2.30 P.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Kizito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Geoffrey Omuse, M.P. | |
| 9. Hon. Erastus Kivasu Nzioka, M.P. | |
| 10. Hon. Irene Kasalu, M.P. | |
| 11. Hon. Jared Okele, M.P. | |
| 12. Hon. Marwa Kitayama Maisori, M.P. | |
| 13. Hon. Mwambu M. Mabongah, M.P. | |

APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. James G.K Wamacukuru, M.P.
4. Hon. Mohamed Ali, M.P.
5. Hon. Rehema Dida Jaldesa, M.
6. Hon. Abdi Koropu Tepo, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

- | | |
|-------------------------|--|
| 1. Mr. Geoffrey Mwitari | - Assistant Accountant General |
| 2. Rev. Kimathi Kwiriga | - Assistant Accountant General |
| 3. Mr. Isaac Lwala | - Accountant, National Treasury, Kisumu West |

OFFICE OF THE AUDITOR GENERAL

- | | |
|-------------------------|-----------|
| 1. Mr. Joshua M. Kereda | - Auditor |
|-------------------------|-----------|

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

- | | |
|---------------------------|--|
| 1. Ms. Polly Maingi | - Chief Accountant/Parliamentary Liaison |
| 2. Ms. Christine Mwangilo | - Ag. Senior Manager, Field Operations |
| 3. Mr. James Chebii | - Accountant |
| 4. Beatrice Otieno | - Accountant |

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|----------------------|--------------------------|
| 1. Ms. Lucy Kimathi | - Senior Clerk Assistant |
| 2. Ms. Ruth Mwhaki | - Third Clerk Assistant. |
| 3. Mr. Peter Mwaura | - Legal Counsel |
| 4. Ms. Beatrice Auma | - Secretary |
| 5. Mr. Leakey Akanga | - Security Officer |
| 6. Mr. Ian Otieno | - Audio Recording |

MIN.NO. SFAC 093/2018: PRELIMINARIES

The Chairman called the meeting to order at 3.00 p.m and a prayer was said.

He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 094/2018: EVIDENCE: FUND MANAGER– SEME NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – SEME CONSTITUENCY FOR THE FINANCIAL YEAR 2013/2014, 2014/2015 AND 2015/2016.

Mr. Tom Wasike, Fund Account Manager, appeared before the Committee accompanied by Mr. Hawkins Samba, and Ms. Judith Hongo, Former Fund Account Managers, and gave evidence on:

FY 2013/2014

- (i) Paragraph 1 on Projects not supervised by the relevant government Department
- a) Construction of classrooms at Runda Primary school

The matter was reported as unresolved.

Committee was informed by the Auditor General that the project was completed in December, 2014 whilst the audit was done in September, 2014 .

The Fund Manager informed the Committee that the Ministry of Public works delayed in issuance of the completion certificate.

The Committee took note that the contractor was paid a one off payment of Ksh. 2,400,000 after the project was completed and directed that the fund manager avails Documentary evidence to show how the payment.

- b) Construction of a doctor /Nurse House at Rodi Dispensary

The matter was reported as unresolved as the Fund manager is yet to avail documentation to show how the procurement of the contractor was done.

The Committee directed that the documentation to be availed to the Auditor general for verification.

c) Paragraph 2 on Delays in implementation of Projects

The matter was reported as unresolved

The Fund manager reported that the Construction of a Dormitory at Mariwa Polytechnique for Kshs. 1,000,000 had stalled as the contractor left the project.

The Committee further heard that Ngutu Primary School had an allocation of Kshs. 800,000 in the 2013/2014 FY but before the money could be disbursed, there was an emergency which occasioned an allocation of Kshs. 500,000. A subsequent allocation of Kshs. 1,500,000 was made in the 2014/2015 financial year. The project was however still pending as the contract amount awarded was less than the contract amount.

The Committee directed that the fund manager avails details of subsequent allocations to the project and to further report on the nature of the emergency that warranted the reallocation and the relevant approvals by the Board.

The Committee also took note that for construction of classrooms, all the projects were allocated a standard amount of Kshs. 800,000 and the funds disbursed to PMCs.

d) Paragraph 3 on Diversion of Funds

i. Magwar Model School

The matter was reported as unresolved as Kshs. 600,000 approved for fencing and installation of a gate was later reallocated to land purchase without the approval of the Board contrary to CDF Act.

ii. Payment of gratuity Kshs. 573,244 captured under emergency unresolved.

The Committee noted that the Fund manager spent the amount to pay gratuity for Seme constituency under 2012/2013 F/Y yet the constituency was created in 2013. In addition, gratuity expense is not an emergency and the authority of the board was not sought.

The Committee was concerned that some of these glaring issues had not been addressed by the Board's internal audit department or regional coordinators. The Board however submitted that it is currently experiencing capacity challenges in its internal audit operations, making it difficult to address all audit issues raised in the 290 constituencies.

iii. Otieno Owalla Community Health Centre

Kshs. 350,000 being 10% co-funding for construction of a maternity ward was charged to emergency fund without authority from the Board, contrary to NGCDF Act.

- iv. District Education improvement Fund-
Kshs 500,000 was charged to the emergency fund without the approval of the board.
The Board submitted that the use of funds for District education improvement was not an emergency.
- v. Ounga Commercial agencies- paid Kshs.175,000 which was charged to the emergency fund without the board approval

The Committee recommended that the Board prepare a status report on these expenditure and ascertain whether authority has been granted as required, otherwise the concerned officers need to be surcharged.

- e) Paragraph 4 on Transfer of Funds from former Kisumu Rural Account to Seme Account. **Issue was reported as resolved**

- f) Paragraph 5 on Construction of Classrooms in various schools
The matter was reported as resolved.

However, the Committee took note that a standard bill of Quantities was used for all the classroom construction amounts totaling to Kshs.10, 400,000 for 9 classrooms at a cost of Kshs 800,000.

- g) Paragraph 5 on Failure to prepare a statement of cash flows
The matter was reported as resolved as the statement was eventually availed .

FY 2014/2015

- (i) Paragraph 1 on administration costs
The matter was reported as resolved and the Office of the Auditor general has been able to verify the expenditure
- (ii) Paragraph 2 on Expenditure on emergency projects
The matter was reported as resolved as the constituency followed the due process of using funds from the emergency fund. However, the approval from the Board was not availed for review.
The NGCDF board submitted that it has issued guidelines on purchase of land in 2010. The NGCDF regulations also provide for how CDFCs should procure land. The Fund managers and CDFC however have the responsibility to undertake due diligence before committing public funds.

Other Matter

- (iii) Paragraph 1 on Budget Implementation analysis

The matter was reported as resolved. The Committee heard that the delay was due to delay in remittance of funds by CDF Board which left the constituency committees with slightly over six months to implement a whole year's projects.

The Committee further notes the manner of reporting of under absorption by the OAG need to be addressed since failure by treasury to remit the approved amounts as **budgeted and on time** should not be construed as failure by the NGCDF Board to utilize the amounts as scheduled. The disclaimer that " the public did not receive value for money" does not reflect the true position of the audit issue for such cases.

FY 2015/2016

(i) Paragraph 1 on Revenue

The matter was reported as resolved

(ii) Paragraph 2 on summary statement of appropriation

The matter was reported as resolved.

(iii) Paragraph 3 on cash and cash equivalents

The matter was reported as resolved

(iv) Paragraph 4 on procurement of school buses

The matter was reported as resolved

The National Treasury submitted that the law allows a procurement entity to use another procurement entity's approved suppliers without undergoing the tendering process as long as the tender process was duly followed. The now procuring entity is only required to establish a procurement committee which has to adopt the prequalified suppliers.

Other Matters

(v) Paragraph 1 on Budget Analysis

The matter was reported as resolved

(vi) Paragraph 2 on Project verification

The matter was reported as resolved

(vii) Paragraph 3 on pending bills

The matter was reported as unresolved

The Committee took note of the Pending bills of Kshs 9,974,885(part of which has already been paid off) given that funds should be paid through PMCs. It is therefore not clear how the NGCDF has accumulated the bills since it does not procure directly but through PMCs .

The NGCDF Board however submitted that CDFCs do not have any pending bills but the reporting template accommodates funds not yet utilized but are yet to be utilized or ongoing projects.

The committee noted that the projects should have been captured as ongoing projects and not pending bills, and directed that the fund manager should take note of the reporting requirements and report accordingly in the subsequent audit cycle.

MIN.NO. DCH 095/2018: ANY OTHER

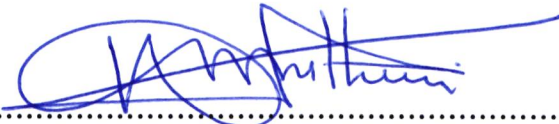
1. The Fund manager Kisumu West constituency presented the original KeRRA certificate to the committee as directed in the morning session. The document did not have a date from KeRRA and the date received by the Fund Manager was inserted by hand.
The Committee took note and shall make its recommendation in its report.

2. Way Forward on Interrogation of Constituency Audit Reports

The Committee resolved to schedule and finalizes on the remaining constituencies for Nairobi Hub and Kisumu Hub and thereafter table its first report by June.

MIN.NO. DCH 096/2018: ADJOURNMENT

There being no other business the meeting was adjourned at 5.20 p. m. The next meeting will be held on notice.

SIGNED: 

HON. KATHURI MURUNGI, M.P.
CHAIRPERSON

DATE:  10/04/2018.

MINUTES OF THE 18TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON THURSDAY 5TH APRIL 2018, IN RUBY HALL, SOVEREIGN HOTEL, KISUMU COUNTY, AT 9.00 A.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Kizito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Geoffrey Omuse, M.P. | |
| 9. Hon. Erastus Kivasu Nzioka, M.P. | |
| 10. Hon. Irene Kasalu, M.P. | |
| 11. Hon. Jared Okelo, M.P. | |
| 12. Hon. Marwa Kitayama Maisori, M.P. | |
| 13. Hon. Mwambu M. Mabongah, M.P. | |

APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. James G.K Wamacukuru, M.P.
4. Hon. Mohamed Ali, M.P.
5. Hon. Rehema Dida Jaldesa, M.
6. Hon. Abdi Koropu Tepo, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

- | | |
|-------------------------|--|
| 1. Mr. Geoffrey Mwitari | - Assistant Accountant General |
| 2. Rev. Kimathi Kwiriga | - Assistant Accountant General |
| 3. Mr. Isaac Lwala | - Accountant, National Treasury, Kisumu West |

OFFICE OF THE AUDITOR GENERAL

- | | |
|---------------------|--|
| 1. Mr. Wilson Maiyo | - Manager, Office of the Auditor General, Kisumu |
|---------------------|--|

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

- | | |
|---------------------------|--|
| 1. Ms. Polly Maingi | - Chief Accountant/Parliamentary Liaison |
| 2. Ms. Christine Mwangolo | - Ag. Senior Manager, Field Operations |
| 3. Mr. James Chebii | - Accountant |
| 4. Ms. Beatrice Otieno | - Accountant |

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|---------------------|--------------------------|
| 1. Ms. Lucy Kimathi | - Senior Clerk Assistant |
| 2. Ms. Ruth Mwihaki | - Third Clerk Assistant. |
| 3. Mr. Peter Mwaura | - Legal Counsel |

- | | |
|----------------------|--------------------|
| 4. Ms. Beatrice Auma | - Secretary |
| 5. Mr. Leakey Akanga | - Security Officer |
| 6. Mr. Ian Otieno | - Audio Recording |

MIN.NO. SFAC 088/2018: PRELIMINARIES

The Chairman called the meeting to order at 3.30 p.m and a prayer was said.He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 089/2018: CONFIRMATION OF MINUTES

Minutes of the 16th sitting held on Wednesday 4th April 2018 at 8.00 am were confirmed as the true record of the proceedings of that day after being proposed by Hon. Erastus Kivasu Nzioka, MP and seconded by Hon. Denittah Ghatti , M.P.

There were no matters arising.

Minutes of the 17th sitting held on Wednesday 4th April 2018 at 3.00 pm were confirmed as the true record of the proceedings of that day after being proposed by Hon. Geoffrey Omuse, MP and seconded by Hon. Irene Kasalu, MP

MIN.NO. SFAC 090/2018: MATTERS ARISING

Under MIN NO. SFAC 083/2018

Paragraph 4 on implementation of Road Projects in the year ending June, 2016, the Committee was informed by the area member of Parliament that the expenditure was incurred under emergency projects and whilst there were no PMCs involved, the projects were implemented with the concurrence and involvement of all the relevant government departments as required by law. This fact was however not captured clearly in the Auditor general's report and what came out was the non involvement of PMCs in the project.

The Committee was further informed by the NG-CDF Board that the Fund Account Manager was issued with a show-cause letter as an administrative action for non-compliance.

**MIN.NO. SFAC 091/2018: EVIDENCE: FUND MANAGER– KISUMU WEST
NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND**

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – KISUMU WEST CONSTITUENCY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015 AND 2015/2016.

Mr. Naftaly Ochuma, Fund Account Manager, appeared before the Committee accompanied by Mr. Kipnetich Langat, Former Fund Account Manager, Mr. Elijah Were , Chairman CDFC, Mr. James Oburu Hongo, Clerical Officer, Mr. James N Ongalla, Accounts Assistant, and Mr. Eliakim A. Onyi, Clerks of Works , and gave evidence on:

FY 2013/2014

(i) Paragraph 1 on Cash and Cash equivalents

The matter was reported as resolved

The Fund manager however clarified that on that the reason for the constituency operating two bank accounts was that at time of audit, Kisumu west Constituency was a newly created constituency. The two account were Kisumu Town west, and Kisumu west CDF, and the former account could not be closed immediately since there were still some valid cheques that had not been presented for payment. The account has since been closed and Kisumu west constituency is currently operating only one bank account.

On bank charges, the committee noted that the Constituency had incurred Kshs. 234,999 on bank between July 2013 and June 2014 Charges only. It was reported that this was mainly due to charges for clearing bursary cheques.

The NGCDF Board submitted all banks were regulated by the Central bank of Kenya and the Board could not direct the constituencies to bank with specific banks. It was therefore incumbent upon constituencies to choose a bank of their choice.

The Board had however noted the high Bank charges and had raised concerns and held discussions with specific banks on how to address the high bank charges. The Board was also in the process of finalizing plans on electronic bank transfers for bursaries. This would conclusively address the issue of bank charges once implemented.

The National treasury submitted that regulations require that opening of bank accounts is authorized by the National treasury from a list of approved banks and that users, including NGCDF are at liberty to choose any of the approved banks.

Other Matter

(ii) Paragraph 1 on Reallocation of funds without approval

The matter was reported as resolved

The Committee however took note that whilst the Auditor had verified that the building is complete, approval for reallocation of the Funds was sought after the Funds were already committed, contrary to the CDF Act.

The Committee further took note of current delays in approval of funds, which is subject to various audit queries under low absorption. The NGCDF board submitted that the Board composition under the current Act makes it hard to attain the requisite quorum to transact business as required occasioning delays in approval.

The Committee resolved to engage the CEO on the steps that the Board is taking to address the operational inefficiencies during the scheduled meeting on April 12, 2018.

FY 2014/2015

- (i) Paragraph 1 on Construction of Bar Korumba Dispensary Staff House

The matter was reported as resolved as the Office of the Auditor general has subsequently verified and confirmed that the project is complete. The fund manager clarified that the funds for the Construction of staff Houses by the CDF was a conditional grant.

The CDF took over the construction of the health facility but being a devolved function, the project was later handed over to the county government.

Other Matter

- (ii) Paragraph 1 on Budget Implementation analysis

The matter was reported as resolved

The Committee noted that the under absorption reported was due to underfunding from the Board. The Committee further took note of the reporting in the Auditor General's report since it lays the blame for non implementation of project on the constituency CDFO whilst in reality the delay is occasioned by late funds disbursement by the board.

The NGCDF Board submitted that the disbursement of funds is as per receipts from the National Treasury and that the board currently has a pending receipts of Ksh. 4.9 bn from the National Treasury. The Board is however in consultation with the National Treasury to ensure pending receipts are cleared.

- (iii) Paragraph 2 on Supply, installation and commissioning of Solar lights

The matter was reported as resolved and the Office of the Auditor general has verified the projects

- (iv) Paragraph 3 on Construction of Osiri Chiefs Office

The matter was reported as resolved.

- (v) Paragraph 4 on Construction of Awach –Dwele Primary school Road

The matter was reported as unresolved. The Fund manager was directed to avail the documents for payment of Kshs. 1,799,131.25 to Perfect Enterprises verification by the Auditor general in the afternoon.

FY 2015/2016

- (i) Paragraph 1 on cash and cash equivalents

The matter was reported as resolved.

- (ii) Paragraph 2 on funding of Devolved Government functions

The matter was reported as resolved.

The NGCDF board reported that CDFc were allowed to complete the projects whose funds had already been approved and funds were at the PMC level.

Other Matters

(iii) Paragraph 1 on Projects Verification

The matter was reported as resolved .

The Committee heard that the Board is no longer approving proposals towards completion of projects falling under devolved functions. The Board is however in consultation with treasury and is exploring ways of ensuring the incomplete projects are finalized.

The National Treasury submitted that the matter has been escalated to the Inter governmental relations Committee and consultations were ongoing to ensure that some of the stalled projects are completed.

The Committee to recommend that the Board publish a list of all incomplete and stalled projects that were approved by the Board and that are currently under devolved functions.

(iv) Paragraph 2 on Budget Analysis

The matter was reported as resolved

(v) Paragraph 3 on Previous Years matters

The matter was reported as resolved

The NGCDF Board reported that previously, other year's matters were not included in the template issued for guidance on financial reporting. However, since the 2015/2016 FY, other financial year's matters must be indicated in the reporting.

The Committee noted that these guidelines are not being followed and that the NGCDF Board should to ensure that the accounting standards are complied with in the subsequent audits cycle.

MIN.NO. SFAC 092/2018:

ADJOURNMENT

There being no other business the meeting was adjourned at 1.34p. m. The next meeting will be held at 3.00 pm.

SIGNED:

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE:

MINUTES OF THE 17TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON WEDNESDAY 4TH APRIL 2018, IN RUBY HALL, SOVEREIGN HOTEL, KISUMU COUNTY, AT 3.00 P.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Kizito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Geoffrey Omuse, M.P. | |
| 9. Hon. Erastus Kivasu Nzioka, M.P. | |
| 10. Hon. Irene Kasalu, M.P. | |
| 11. Hon. Jared Okelo, M.P. | |
| 12. Hon. Marwa Kitayama Maisori, M.P. | |
| 13. Hon. Mwambu M. Mabongah, M.P. | |

APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. James G.K Wamacukuru, M.P.
4. Hon. Mohamed Ali, M.P.
5. Hon. Rehema Dida Jaldesa, M.
6. Hon. Abdi Koropu Tepo, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

- | | |
|-------------------------|--------------------------------|
| 1. Mr. Geoffrey Mwitari | - Assistant Accountant General |
| 2. Rev. Kimathi kwiriga | - Assistant Accountant General |

OFFICE OF THE AUDITOR GENERAL

- | | |
|----------------------|----------------------------|
| 1. Mr. Peter Njoroge | - Assistant Director Audit |
|----------------------|----------------------------|

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

- | | |
|---------------------------|--|
| 1. Ms. Polly Maingi | - Chief Accountant/Parliamentary Liaison |
| 2. Ms. Christine Mwangolo | - Ag. Senior Manager, Field Operations |
| 3. Mr. James Chebii | - Accountant |
| 4. Beatrice Otieno | - Accountant |

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|---------------------|--------------------------|
| 1. Ms. Lucy Kimathi | - Senior Clerk Assistant |
|---------------------|--------------------------|



- | | |
|----------------------|--------------------------|
| 2. Ms. Ruth Mwihaki | - Third Clerk Assistant. |
| 3. Mr. Peter Mwaura | - Legal Counsel |
| 4. Ms. Beatrice Auma | - Secretary |
| 5. Mr. Leakey Akanga | - Security Officer |
| 6. Mr. Ian Otieno | - Audio Recording |

MIN.NO. SFAC 085/2018: PRELIMINARIES

The Chairman called the meeting to order at 3.30 p.m and a prayer was said.

He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 086/2018: EVIDENCE: FUND MANAGER– KISUMU CENTRAL NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND – KISUMU CENTRAL CONSTITUENCY FOR THE FINANCIAL YEAR 2013/2014, 2014/2015 AND 2015/2016.

Mr. Henry Opilo, Fund Account Manager, appeared before the Committee accompanied by Ms. Jane Muchira, Former Fund Account Manager, Kisumu Central Constituency, and gave evidence on:

FY 2013/2014

(i) Paragraph 1 on Payment for Sports Activities

The matter was reported as unresolved as the evidence submitted was not admissible since it had not been presented to the office of the Auditor General for verification.

The fund manager to avail the supporting documents to the Auditor General's Office for verification.

Other Matter

(ii) Paragraph 1 on Reallocation of funds

The matter was reported as unresolved since There is no evidence that the Kshs. 1,088,000 used from the emergency fund to pay bursary was approved by the Board.

The Committee was informed that at that time, the Constituency had wrongly capped the Bursary at 18%, instead of the 25% required by law.

The NGCDF Board submitted that even though the constituency had capped the limit lower, it still was required to seek for approval to expend the funds as required by law, and that Bursary is not amongst expenditure under emergency category.

The NGCDF Board further submitted that Bursary is not treated as an emergency as it can be planned for at the beginning of the financial year. When the CDFC committee however

requires drawing funds from the emergency fund for the same, there needs to be approval by the Board for the constituency to expend.

The Board further submitted that emergency projects do not require prior approval by the boards. The Fund Manager is however expected to report to the Board within 30 days upon expending the emergency funds in the format prescribed by the Act.

FY 2014/2015

(i) Paragraph 1 on Cash and Cash equivalents

The matter was reported as unresolved as the supporting evidence for the Kshs 206,132 income from the sale of tender documents had not been availed to the auditor general for verification.

(ii) Paragraph 2 distillation and drainage of Alwera swamp

The matter was reported as unresolved as the office of the Auditor General had not verified the documentation availed to committee.

COMMITTEE OBSERVATION AND RESOLUTION

The Committee observed;

1. That the Constituency was unprepared with their responses and had not shared their responses with the Auditor General to clear outstanding issues capable of being cleared. This was clearly stated in the invitation letters sent to the Fund Manager. The Committee resolved to adjourn the meeting and directed the Fund manager to share responses with the auditor general and report progress on Thursday 5th April 2018 for re-scheduling of the meeting.
2. The Committee resolved that going forward, fund managers be advised to avail management responses and any documentary evidence on communication between their offices and that of the OAG during their appearance. This will act as proof on efforts made to resolve audit queries.
3. The OAG should also bring copies of such communication, especially on issues that have been resolved. This will ensure that the Committee gets proof of the extent to which audit issues have been addressed and help the Committee make informed decisions based on current status of audit queries.

MIN.NO. DCH 087/2018:

ADJOURNMENT

There being no other business the meeting was adjourned at 4.55p. m. The next meeting will be held on Thursday 5th April 2018 at 9.00 am.

SIGNED:

HON. KATHURI MURUNGI, M.P
CHAIRPERSON

DATE:

05-04-2018



MINUTES OF THE 16TH SITTING OF THE SPECIAL FUNDS ACCOUNTS COMMITTEE HELD ON WEDNESDAY 4TH APRIL 2018, IN RUBY HALL, SOVEREIGN HOTEL, KISUMU COUNTY, AT 8.00 A.M.

PRESENT

- | | |
|--|---------------------|
| 1. Hon. Kathuri Murungi, M.P. | - Chairperson |
| 2. Hon. William Chirchir Chepkut, M.P. | - Vice- Chairperson |
| 3. Hon. Alfred Agoi Masadia, M.P. | |
| 4. Hon. Mark Lomunokol, M.P. | |
| 5. Hon. Dennitah Ghati, M.P. | |
| 6. Hon. Justus Kizito Mugali, M.P. | |
| 7. Hon. Shakeel Shabbir Ahmed, M.P. | |
| 8. Hon. Geoffrey Omuse, M.P. | |
| 9. Hon. Erastus Kivasu Nzioka, M.P. | |
| 10. Hon. Irene Kasalu, M.P. | |
| 11. Hon. Jared Okelo, M.P. | |
| 12. Hon. Marwa Kitayama Maisori, M.P. | |
| 13. Hon. Mwambu M. Mabongah, M.P. | |

APOLOGIES

1. Hon. Esther M. R. Passaris, M.P.
2. Hon. Mohamed Ali Lokiru, M.P.
3. Hon. James G.K Wamacukuru, M.P.
4. Hon. Mohamed Ali, M.P.
5. Hon. Rehema Dida Jaldesa, M.
6. Hon. Abdi Koropu Tepo, M.P.

IN- ATTENDANCE

NATIONAL TREASURY

- | | |
|-------------------------|--------------------------------|
| 1. Mr. Geoffrey Mwitari | - Assistant Accountant General |
| 2. Rev. Kimathi kwiriga | - Assistant Accountant General |

OFFICE OF THE AUDITOR GENERAL

- | | |
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| 1. Mr. Peter Njoroge | - Auditor |
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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT GCDF BOARD

- | | |
|---------------------------|--|
| 1. Ms. Polly Maingi | - Chief Accountant/Parliamentary Liaison |
| 2. Ms. Christine Mwangolo | - Ag. Senior Manager, Field Operations |
| 3. Mr. James Chebii | - Accountant |
| 4. Beatrice Otieno | - Accountant |

NATIONAL ASSEMBLY SECRETARIAT

- | | |
|---------------------|--------------------------|
| 1. Ms. Lucy Kimathi | - Senior Clerk Assistant |
| 2. Ms. Ruth Mwihaki | - Third Clerk Assistant. |
| 3. Mr. Peter Mwaura | - Legal Counsel |

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|----------------------|--------------------|
| 4. Ms. Beatrice Auma | - Secretary |
| 5. Mr. Leakey Akanga | - Security Officer |
| 6. Mr. Ian Otieno | - Audio Recording |

MIN.NO. SFAC 080/2018: PRELIMINARIES

The Chairman called the meeting to order at 8.15 a. m and a prayer was said. He thereafter invited those present to introduce themselves.

MIN.NO. SFAC 081/2018: CONFIRMATION OF MINUTES

Minutes of the 10th sitting held on Thursday 1st March 2018 were confirmed as the true record of the proceedings of that day after being proposed by Hon. Erastus Nzioka, MP and seconded by Hon. Geoffrey Omuse, M.P

There were no matters arising.

Minutes of the 12th sitting held on Thursday 15th March 2018 were confirmed as the true record of the proceedings of that day after being proposed by Hon. Mark Lomunokol, MP and seconded by Hon. Jared Okelo, M.P

There were no matters arising save for typo errors on the word bursary.

Minutes of the 13th sitting held on Tuesday 20th March 2018 were confirmed as the true record of the proceedings of that day after being proposed by Hon. Marwa Kitayama, MP and seconded by Hon. Geoffrey Omuse, M.P

Matters arising: It was resolved that Dagoretti North Constituency be rescheduled at the earliest opportune time given the fact that their accounts were not examined as scheduled.

Minutes of the 14th sitting held on Thursday 22nd March 2018 were confirmed as the true record of the proceedings of that day after being proposed by Hon. Erastus Kivasu, MP and seconded by Hon. Mark Lomunokol, M.P

There were no matters arising.

Minutes of the 15th sitting held on Tuesday 27th March 2018 were confirmed as the true record of the proceedings of that day after being proposed by Hon. Geoffrey Omuse, MP and seconded by Hon. Jared Okelo, M.P

MIN.NO. SFAC 082/2018: MATTERS ARISING

1. Members were concerned that most of issues raised in the audit reports pertained to failure by Fund Accounts Managers to submit documents requested by auditors during audit period. This is in contravention of clause 62(1) (b) of the Public Audit Act, 2015 which provides that "*a person shall not without justification, fail to provide information required under this Act*" and (c) "*without justification fail to provide information within reasonable time that is required under the Act*". The Act further provides for penalties of a fine not exceeding five million Kenyan shillings or to imprisonment for a term not exceeding three years or both.

2. The above penalties applies to financial years starting 2015/16 since the law became operational on 7th January, 2016.
3. The Committee was concerned on the role of internal audit of NGCDF Board in guiding Fund Accounts Managers on basic issues that need to be addressed during audit process. This is in addition to failure of the internal audit to ensure follow-up of audit queries, some of which remains outstanding from 2013/14 Financial Year.
4. The Committee resolved to hold a consultative forum with the Office of the Auditor General, NGCDF Board and all the 290 NG-CDF Manager to discuss pertinent issues of concern that have arisen from the audit reports that have been considered so far, with a view to ensuring that the next phase of examination of audit reports of NG-CDF is seamless.

**MIN.NO. SFAC 083/2018: EVIDENCE: FUND MANAGER- KISUMU EAST
NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND**

REPORTS OF THE AUDITOR GENERAL ON CONSTITUENCIES DEVELOPMENT FUND –KISUMU EAST CONSTITUENCY FOR THE FINANCIAL YEAR 2013/2014, 2014/2015 AND 2015/2016.

Mr. Weldon Kiprotich Langat, Fund Account Manager, appeared before the Committee accompanied by Mr. Patrick Yagan, Accounts Assistant, Kisumu West Constituency, and gave evidence on:

FY 2013/2014

- (i) Paragraph 1 on Unsupported Expenditure

The matter was reported as resolved

The Committee recommends that the completion certificate for the Nyabera Chief Camp project to be availed to the Auditor general's office for verification

- (ii) Paragraph 2 on Acquisition of Assets

The matter was reported as resolved

The Fund manager however reported that the insurance of the motor cycles was drawn from the administrative fund being a recurrent expenditure. This was within the law.

COMMITTEE OBSERVATIONS

- i. The Committee took note that some constituencies have a high turnover of Fund managers whilst in, others like in Kisumu East, the Fund Manager had served since 2009, yet the NG-CDF Board guidelines provide for a 3 years.

The Committee noted resolved to take up the matter with the A.g. C.E.O in the meeting scheduled for 12th April 2018 .

- ii. The Committee observed that the current Public Procurement laws have vested the power to award contracts to the accounting officers after considering professional advice from the procurement officer. There was therefore need to look at the Act with the aim of amending ensuring that the powers are not abused.

FY 2014/2015

- (i) Paragraph 1.0 on Unsupported payment

The matter was reported as resolved.

The Committee noted that the OAG visited the project on 29th March, 2018 to verify the claim of Ksh. 5,899,878 which was the basis for audit query. The project was on-going during the period of audit hence Certificate of Completion had not been issued.

The Committee recommended that constituency fund manager takes note of the Auditor general's remarks that continuous monitoring of works be done during project implementation and furnish the required documents as soon as projects are completed.

- (ii) Paragraph 2 Bursaries awarded at different rates without approval

The matter was reported as resolved.

The Committee heard that the Constituency has a computerized bursary allocation system which is a model in the country. The Constituency has further capped rates for bursaries in the constituency based on the category of schools i.e 8, 000 for national schools, 6000 for boarding schools and 5,000 to students in day schools.

The Committee observed that issues revolving around Bursaries and disbursement of bursary were reappearing in the Audit reports .The Committee shall give recommendations in its final report on how the issue need to be tackled to minimize on audit queries, particularly on stale and/undelivered cheques.

Other Matters

- (i) Paragraph 1 (1.1) Budget Implementation analysis

The matter was reported as resolved.

The Committee however took note that the funds total expenditure totaling 22,857,944 was occasioned by the delay in the release of 2nd half disbursement for 2014/2015 financial year. The balance of Ksh 42,121,825.50 was received in September 02, 2015 (2 months after the close of the financial year). The over expenditure on five (5) line items totaling Ksh 5,167,767 was a result of 2013/2014 funds received in 2014/2015. Funds amounting to Ksh 43,630,970.20 which is part of the 2013/2014 FY approved funds were received on August 15, 2014

The reconciled balance of Ksh 7,413,681 was unspent at the close of the financial year. This was occasioned by the late receipt of funds from NGCDF Board.

COMMITTEE OBSERVATION/ISSUES RAISED

1. The Committee noted with concern the even after the projects have been completed, the fund managers do not follow up for clearance with the auditor general on matters that have been raised in the audited report and are already cleared for clearance
2. The Internal auditors by the Board should be able to support the fund managers during audit to ensure matters that can be resolved are cleared with the auditor general's office on time.
3. The Board in 2010 issued guidelines and provided criteria on how to award bursaries. The Board is also in the process of reviewing the guidelines. The Board to take note of Children living with disabilities and in need of bursaries are catered for during review of the guidelines.
4. The late submission of information during the audit window remains a major concern for constituencies as it occasions audit queries which could ordinarily be resolved during audit. The Board should address the issue with the Fund manager.
5. The Committee observed that the late disbursement of funds to constituencies has continued to affect project implementation and more often than not, issues arising out of late disbursement appear as audit queries whereas in reality, the projects being audited are ongoing.

FY 2015/2016

(i) Paragraph 1 on Prior year adjustments

The matter was reported as resolved

(ii) Paragraph 2 on Cash and cash equivalents

The matter was reported as resolved

The Fund manager reported that the delay in closing one of the bank accounts was due to the fact that during the boundary review, when the Kisumu east constituency was created, the Constituency was still holding funds for Kisumu Central and Kisumu West and could therefore not close the Account until six months were over. The Account was eventually closed and currently the Constituency holds one account.

(iii) Paragraph 3 on Other receipts

The matter was reported as resolved

The Fund Manager however reported that constituency has not been able to utilize the interest earned. A request has been made to the Board to allocate the Constituency with an AIE to enable them utilize those funds. This has not been done yet.

The Board submitted that it shall be communicating to the Constituencies on how to utilize A in A.

(iv) Paragraph 4 on Project implementation

The matter was reported as resolved.

The Committee however took note of the late submission of documents by fund managers to the Auditor General for verification. The Committee shall make its recommendation in its report.

(v) Paragraph 4 on Roads Projects

The matter was reported as unresolved as the Constituency had directly implemented some projected worth Kshs. 7,913,251 contrary to the provisions of the CDF Act which requires that all projects under the Act be implemented through Project Management Committees (PMCs) with the assistance of relevant Government departments. Further retention monies were not being deducted from payments to the contractors as required for defects liabilities period.

The committee noted the implementation was in contravention of the law since the CDFCs do not implement such projects directly.

The NGCDF Board submitted that the Board had done a management letter to the Fund manager and issued a show cause letter for the contravention of the law.

The Committee to make its recommendation in its report

Other matters

(i) Paragraph 6.1 on Budget implementation analysis

The matter was reported as resolved.

(ii) Paragraph 6.2 on Project Verification

The matter was reported as resolved.

The Committee however deliberated on emergencies funding and the NGCDF Board submitted that emergencies fall under projects and must still be implemented by the PMCs. The NGCDF Act is clear on projects having a separate project account. Funds reallocation for any purpose must also be approved by the board.

MIN.NO. DCH 084/2018:

ADJOURNMENT

There being no other business the meeting was adjourned at 2.12 p. m. The next meeting will be held at 3.00 pm.

SIGNED:

HON. KATHURI MURUNGI, M.P

CHAIRPERSON

DATE:
05-04-2018

