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THE SENATE

Hon. Speaker You may approve for tabling J. M. Nyegenye, C.B.S., Clerk of the senate/secretary, PSC Date: 31/03/2026

THIRTEENTH PARLIAMENT – FIFTH SESSION

REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF MIGORI COUNTY WATER COMPANY, MUNICIPALITIES AND FUNDS FOR THE FINANCIAL YEAR 2024/25 (1<sup>st</sup> JULY, 2024 TO 30<sup>th</sup> JUNE, 2025):

Table with 3 columns: SECTOR, NO., ENTITY. Rows include Water Companies, Municipalities, Hospitals, and Funds.

PAPERS LAID table with fields for DATE, TABLED BY, COMMITTEE, and CLERK AT THE TABLE.

Handwritten notes and signatures: recommended for tabling, 31/03/2026

MARCH, 2026

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## ACRONYMS/ABBREVIATION

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

## DEFINITION OF TERMS

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

## PREFACE

Parliamentary Committees are a creation of the Constitution through Article 124(1) of the Constitution, which empowers each House of Parliament to establish Committees and make Standing Orders (SO) for the orderly conduct of its proceedings, including the proceedings of its committees., to exercise oversight over national revenue allocated to the county governments. Pursuant to Article 96(3) of the Constitution, the Senate exercises oversight over national revenue allocated to the county governments. The Select Committee on County Public Investments and Special Funds is established pursuant to Standing Order No. 194 of the Senate Standing Orders and is mandated to-

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

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

This report covers the consideration by the Committee of the Auditor-General's reports on the financial statements of Migori County water companies for the Financial Year 2024/2025. The entities covered are one water companies namely Migori Water and Sewerage Company (MIWASCO); four Municipalities namely; - Awendo Municipality, Kehancha Municipality; Migori Municipality and Rongo Municipality; and three Funds namely; - Migori Ward Development Fund, Migori County Executive Car Loan and Mortgage Fund, Migori County Climate Change Fund and Migori County Alcoholic Drinks Control Fund.

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

## COMMITTEE MEMBERSHIP

The membership of the Committee comprises of the following Senators-

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

## COMMITTEE SECRETARIAT

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

## **ESTABLISHMENT OF THE COMMITTEE**

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

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

## **EXECUTIVE SUMMARY**

In the execution of its mandate, the Committee relied on the reports of the Auditor-General on audited Accounts of Migori Water and Sewerage Company, Municipalities and Funds for the Financial year 2024/25 (1<sup>st</sup> July, 2024 to 30<sup>th</sup> June 2025) as the primary documents for the investigations. The Committee invited the Governor of Migori as the Chief Executive Officer pursuant to Article 179(4), as witnesses to respond to the audit queries raised in the reports under consideration.

The Committee received both written and oral evidence from the Governor, accompanied by relevant county officials, in response to the various audit queries raised by the Auditor-General in the reports under consideration on various dates.

This report presents the findings and recommendations of the Select Committee on County Public Investments and Special Funds following its consideration of the Auditor-General's reports on Nine (9) entities in Migori County for the Financial Year 2024/25. The entities covered are: one (1) water company – Migori Water and Sewerage Company, four (4) Municipalities – Awendo Municipality, Kehancha Municipality, Migori Municipality and Rongo Municipality; and three (3) Funds - Migori County Ward Development Fund, Migori County Executive Car Loan and Mortgage Fund; Migori County Climate Change Fund; and Migori County Alcoholic Drinks Control Fund.

Two out of the nine entities received Qualified Opinion, one entity received an Unqualified Opinion, whereas seven entities received an Unqualified Opinion, from the Auditor-General.

The key issues identified across the entities include: going concern uncertainties arising from accumulated losses and negative working capital; non-revenue water at levels exceeding regulatory benchmarks; operation without valid WASREB licenses; irregular engagement of casual employees; non-remittance of statutory deductions; unresolved prior year audit matters; budgetary control issues; over-reliance on County Government transfers; non-compliance with procurement regulations; failure to retain Facilities Improvement Funds (FIF) at the hospitals; Non-compliance with the Kenya Quality Model for Health Policy Guidelines and weaknesses in internal controls and governance.

On the Municipalities, the key issues were lack of independence; and poor budgetary control and performance resulting from underfunding and underutilization of the budgets.

## **REPORT STRUCTURE**

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

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

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

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

**CHAPTER FOUR** is a record of the audit queries raised in the report of the Auditor-General for Migori County Funds for the Financial Year 2024/25 and observations and recommendations of the Committee on each audit query.

## GENERAL OBSERVATIONS FOR MIGORI WATER AND SEWERAGE COMPANY

The Committee observed the following general issues affecting the Water Company.

- 1. Inaccuracies in the Presentation and Disclosure of Financial Statements** - The financial statements contain material misstatements and inadequate disclosures. Trade receivables of Kshs.54,963,766 include Kshs.47,479,082 outstanding for over one year without any provision for bad and doubtful debts, contrary to IAS 1. Bank balances were misstated due to stale cheques totaling Kshs.6,978,689 that were not reversed. Additionally, the company did not adequately disclose the material uncertainty regarding its going concern status.
- 2. Undisclosed Property, Plant and Equipment** - The statement of financial position reflects property, plant and equipment with a net book value of Kshs.52,609,259, but excludes thirteen (13) motor vehicles, twenty-two (22) motorcycles, and various office equipment whose values were not determined. These assets belong to the County Government and Lake Victoria South Water Works Development Agency (LVSWWDA) and are held in trust, yet no ownership transfer or valuation has been completed.
- 3. Long Outstanding Trade and Other Receivables** - Trade receivables include Kshs.47,479,082 that has been outstanding for more than one year. Management provided an aging analysis but failed to make a provision for bad and doubtful debts, and no debtor circularization was performed to confirm the authenticity and recoverability of the balances.
- 4. Long Outstanding Trade and Other Payables** - Trade and other payables total Kshs.84,299,455, of which Kshs.29,806,192 relates to employee payables. Salary arrears of Kshs.25,128,492 have remained unpaid for over a year, and statutory deductions (PAYE of Kshs.1,184,996 and NSSF of Kshs.1,264,370) have been outstanding for more than twelve months, contrary to the Employment Act and PFM regulations.
- 5. Unaccounted for Refundable Customer Deposits** - Customer deposits reflected in the statement of financial position total Kshs.10,505,232, but the designated bank account held a balance of only Kshs.50,986, resulting in an unreconciled variance of Kshs.10,454,246. Management irregularly used these trust funds to finance operational costs without any refunds made to customers during the year, and no repayment plan or certified register of individual deposits was provided.
- 6. Non-Revenue Water (NRW)** - Total water produced was 640,004 m<sup>3</sup>, while only 363,325 m<sup>3</sup> was billed, resulting in NRW of 276,679 m<sup>3</sup> (43.2%). This exceeds the WASREB acceptable threshold by 18.2% and represents an estimated revenue loss of Kshs.16,562,004. Contributing factors include pipeline leaks, vandalism, illegal connections, and the non-operation of key schemes such as Awendo.
- 7. Material Uncertainty Related to Going Concern** -The company reported an operating loss of Kshs.9,260,894, negative retained earnings of Kshs.58,212,437,

and negative working capital of Kshs.33,393,761. Current liabilities exceed current assets, and the entity is technically insolvent, with its continued operation dependent on financial bailouts from the County Government. No specific disclosure of the going concern uncertainty or management's planned remedial measures was made in the financial statements.

## **GENERAL RECOMMENDATIONS FOR MIGORI WATER AND SEWERAGE COMPANY**

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

- 1. Inaccuracies in the Presentation and Disclosure of Financial Statements** - The Accounting Officer shall ensure that future financial statements comply with International Public Sector Accounting Standards (IPSAS) and the Public Finance Management Act. A provision for bad and doubtful debts must be computed, submitted to the Auditor-General for verification, and fully disclosed. All stale cheques and reconciling items must be cleared before the close of each financial period, and comprehensive going concern disclosures, including management's mitigation plans, shall be included in the notes to the financial statements.
- 2. Undisclosed Property, Plant and Equipment** - The Governor, through the CECM for Water, shall engage the relevant Water Works Development Agencies within sixty (60) days to fast-track the transfer of ownership documents for all donated assets. A full valuation of all company assets shall be undertaken, and an updated asset register, compliant with Section 149(2)(o) of the Public Finance Management Act and PSASB formats, shall be prepared and submitted to the Auditor-General and the Senate.
- 3. Long Outstanding Trade and Other Receivables** - The Governor shall ensure that the Accounting Officer undertakes a full debtor circularization within sixty (60) days of adoption of this report to confirm the validity of the outstanding receivables. A formal provision for bad and doubtful debts shall be computed, submitted to the Auditor-General for review, and adjusted in the financial statements. A status update on recoverability shall be provided to the Senate in the subsequent audit cycle.
- 4. Long Outstanding Trade and Other Payables** - The Accounting Officer shall, within sixty (60) days, submit a structured repayment plan for the salary arrears and the unpaid statutory deductions to the Auditor-General and the Senate. The Governor shall ensure that budgetary provisions are made to clear the arrears by the end of FY 2026/2027. Further, the IFMIS system shall be configured to automatically remit statutory deductions to prevent future accumulation.
- 5. Unaccounted for Refundable Customer Deposits** - The Accounting Officer shall, within sixty (60) days, submit a detailed repayment plan with clear timelines for refunding the Kshs.10,454,246 to customers, along with a certified bank statement

for the customer deposit account and a comprehensive individual deposit register. The Board must institute a Customer Deposits Management Policy that restricts access to such funds and ensures full disclosure to customers. The Auditor-General shall verify compliance and report to the Senate.

6. **Non-Revenue Water (NRW)** - The Governor shall ensure that the Accounting Officer implements a segregated NRW reduction plan addressing both physical losses (pipe rehabilitation) and commercial losses (digital metering, automated billing, and anti-theft measures). Progress shall be reported to the Auditor-General for review in the subsequent audit cycle. The County Government shall collaborate with the Ethics and Anti-Corruption Commission to curb illegal connections.
7. **Material Uncertainty Related to Going Concern** - The Governor shall take direct oversight of the company in line with Article 179(4) of the Constitution to ensure its turnaround. The Accounting Officer shall prepare and submit quarterly financial and non-financial status reports to the County Treasury under Section 166 of the PFM Act. Within sixty (60) days, a strategic recovery plan addressing revenue enhancement, cost rationalization, and asset optimization shall be developed and implemented to restore self-sustainability.

## GENERAL OBSERVATIONS FOR MUNICIPALITIES

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

1. **Operational Autonomy** - All four municipalities lack full operational independence despite having been granted municipal charters dating back to 2018 (Awendo, Migori, Rongo) and 2023 (Kehancha). Critical functions such as procurement, payment execution, budget preparation, staff recruitment, and service delivery (refuse collection, solid waste management, water and sanitation infrastructure) remain centralized under the County Government. Payments for municipal projects are processed directly by the County Executive, and municipalities are yet to be configured with Special Purpose Accounts (SPAs) to enable direct payments, contravening Sections 12, 20, 45, and 46 of the Urban Areas and Cities Act, 2011.
2. **Over-Reliance on County Transfers and Weak Own-Source Revenue** - Across all four municipalities, financing is derived solely from allocations by the County Government, with no evidence of own-source revenue generation from rates, fees, levies, or charges as contemplated under Section 172(a) of the Public Finance Management Act, 2012. This indicates that the municipalities were granted charters without satisfying the criterion of demonstrable revenue collection or revenue collection potential under Section 9(3)(c) of the Urban Areas and Cities Act, 2011. The County Government has retained the revenue collection function, centralizing it under the Migori County Revenue Authority Board.
3. **Weak Governance and Risk Management** Governance deficiencies are evident across the municipalities: *Internal Audit*: Awendo Municipality received only two audit reports during the year, Rongo Municipality received only one, and Kehancha initially lacked evidence of an internal audit function, though documentation was later provided. *Audit Committee*: In Awendo, the audit committee did not discuss audit reports during the year under review, contrary to quarterly meeting requirements. *Strategic Planning*: Awendo and other municipalities lacked Integrated Development and Economic Plans and Integrated Strategic Urban Development Plans (ISUDPs) as required by Section 20(1)(c) of the Urban Areas and Cities Act.
4. **Lack of Approved Staff Establishment** - Rongo Municipality operates with a critical staff shortage, with only three out of thirteen approved positions filled (municipal manager, accountant, and office messenger). Key technical positions such as registered physical planner, registered engineer, environment officer, social development officer, land surveyor, procurement officer, human resource officer, quantity surveyor, and development control officers remain vacant. The County Government retains control over recruitment, and the municipality has not achieved

the optimal staffing levels required under the County Public Service Human Resource Manual, 2013.

## **GENERAL RECOMMENDATIONS FOR MUNICIPALITIES**

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

1. **Operational Autonomy** - The Governor shall take all necessary steps to ensure each municipality achieves full operational independence in accordance with Sections 12 (management independence), 20 (functional independence), 45, and 46 (financial independence) of the Urban Areas and Cities Act, Cap. 275. Within sixty (60) days, the National Treasury shall be engaged to configure each municipality with Special Purpose Accounts (SPAs) to enable direct payment execution. By the commencement of FY 2026/2027, all gazetted functions shall be fully transferred to the respective municipal boards. Each municipality shall develop and adopt an Integrated Development and Economic Plan and an Integrated Strategic Urban Development Plan (ISUDP) as required under Section 20(1)(c) of the Act.
2. **Over-Reliance on County Transfers and Weak Own-Source Revenue** - The Governor shall ensure the progressive transfer of revenue collection functions to the municipalities in line with Section 172(a) of the Public Finance Management Act, 2012. Each municipality shall develop and implement a revenue mobilization strategy to generate own-source revenue from rates, fees, levies, and charges. The County Government shall provide the necessary administrative and technical support to enable municipalities to establish independent revenue collection mechanisms. The Auditor-General shall verify the implementation of revenue transfer and report to the Senate in the subsequent audit cycle.
3. **Inaccurate Financial Statements** - The Accounting Officers of all municipalities shall ensure strict compliance with the Public Finance Management Act, Cap. 412A, and International Public Sector Accounting Standards (IPSAS) in the preparation and presentation of financial statements. All transfers, grants, and expenditures shall be accurately classified and adequately disclosed to ensure completeness and reliability of financial reporting. The Auditor-General shall scrutinize compliance and report any material misstatements in the subsequent audit cycle.
4. **Poor Asset Management (Inaccurate Property, Plant, and Equipment Balances)** - The Governor shall ensure that all assets acquired or developed by municipalities are properly recorded in a comprehensive asset register maintained independently by each municipality. Where assets are held or paid for by the County Government on behalf of a municipality, formal transfer documentation shall be completed, and the assets shall be valued and reflected in the municipality's

statement of financial position. The Auditor-General shall verify the existence, ownership, and valuation of municipal assets in the subsequent audit.

5. **Weak Governance and Risk Management** - The Governor shall ensure that:
  - i. The internal audit function for each municipality operates independently and issues quarterly audit reports as required under Regulation 166(1) and (2) of the Public Finance Management (County Government) Regulations, 2015.
  - ii. Audit committees meet at least once every three months to review internal audit reports and provide oversight recommendations.
  - iii. Each municipality adopts a comprehensive risk management policy and implements a monitoring and evaluation framework with documented project status reports.
  - iv. All unresolved prior year audit matters are addressed within ninety (90) days of adoption of this report, with a comprehensive status report submitted to the Senate and the Auditor-General.
6. **Lack of Approved Staff Establishment** - The Governor, through the Migori County Public Service Board, shall expedite the recruitment and deployment of staff to fill all approved positions in Rongo Municipality and other municipalities with staffing gaps, in accordance with the County Public Service Human Resource Manual, 2013. Priority shall be given to technical positions (physical planner, engineer, environment officer, land surveyor, procurement officer, human resource officer, quantity surveyor) to ensure municipalities have the requisite capacity to execute their mandated functions. Staff recruitment shall align with the principles of optimal staffing levels, schemes of service, and career progression guidelines.

## GENERAL OBSERVATIONS FOR THE FUNDS

1. **Systemic Underfunding and Under-utilization-** Most funds, experienced significant underfunding and under-utilization of resources. This was primarily attributed to the under-collection of Own Source Revenue (OSR) and delays in exchequer releases.
2. **Compliance Breaches regarding Statutory Deductions-** There was a consistent failure to deduct and remit the 0.03% Public Procurement Capacity Building Levy. Management across multiple funds cited a lack of automated "logic" or configuration within the IFMIS system to trigger these deductions.
3. **Legal Lapses in Fund Continuity:** Several funds, such as the, have continued to operate beyond their initial 10-year approval period without formal renewal from the County Executive Committee and County Assembly, in breach of PFM Regulations.
4. **Weak Debt and Imprest Recovery:** Management struggled to recover long-outstanding loans and imprests, some dating back over a decade (e.g., 2013/2014 and 2015). In some instances, loans were disbursed without sufficient insurance cover or registered securities.
5. **Poor Record Keeping and Documentation:** Auditors initially rendered qualified opinions for certain funds due to unsupported receivables and missing committee minutes, though some documents were later provided during exit meetings.

## GENERAL RECOMMENDATIONS FOR THE FUNDS

1. **Enhance Revenue and Budget Planning-** Fund management must institute realistic budget planning and implement aggressive measures to enhance Own Source Revenue to ensure planned activities are fully funded and service delivery is not compromised.
2. **Regularize Fund Operations-** Management must prioritize and hasten the approval of reviewed bills and acts at the County Assembly to ensure all public funds are operating under valid legal frameworks and within the authorized timeframes.
3. **Strengthen Recovery Mechanism-** Accounting Officers are required to put in place robust recovery measures with clear timelines for all outstanding loans and imprests. Irrecoverable debts should be formally analyzed and processed for write-off following Board approval and PFM Regulations.
4. **Strict Adherence to Audit Timeline-** To avoid qualified audit opinions, Accounting Officers must ensure the timely submission of all supporting

documents, ledgers, and schedules during the actual audit process rather than waiting for exit meetings or subsequent cycles

**ACKNOWLEDGEMENTS**

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

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

SIGNED:  .....

DATE: 30/03/2026 .....

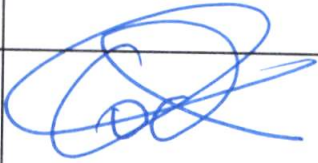


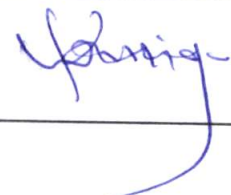
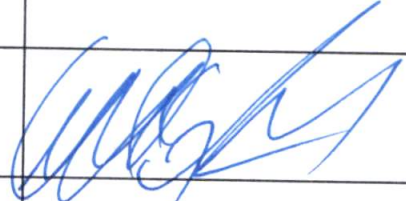
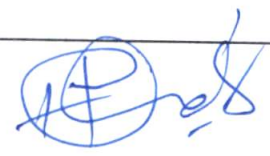
**HON. SEN. GODFREY ATIENO OSOTSI, CBS, MP**  
**CHAIRPERSON**

**ADOPTION OF THE REPORT OF THE SENATE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF TWENTY-THREE ENTITIES FOR MIGORI FOR THE FINANCIAL YEAR 2024/25**

<b>SECTOR</b>	<b>NO.</b>	<b>ENTITY</b>
<b>WATER COMPANIES</b>	<b>1</b>	<b>MIGORI WATER AND SEWERAGE COMPANY</b>
<b>MUNICIPALITIES</b>	<b>4</b>	<b>AWENDO MUNICIPALITY</b>
		<b>KEHANCHA MUNICIPALITY</b>
		<b>MIGORI MUNICIPALITY</b>
		<b>RONGO MUNICIPALITY</b>
<b>HOSPITALS</b>	<b>13</b>	<b>AWENDO SUB-COUNTY HOSPITAL</b>
		<b>ISIBANIA SUB-DISTRICT HOSPITAL</b>
		<b>KARUNGU SUB-COUNTY HOSPITAL</b>
		<b>KEGONGA SUB COUNTY HOSPITAL</b>
		<b>MACALDER SUB-COUNTY HOSPITAL</b>
		<b>MIGORI COUNTY REFERRAL HOSPITAL</b>
		<b>MUHURU SUB-COUNTY HOSPITAL</b>
		<b>NTIMARU SUB COUNTY HOSPITAL</b>
		<b>NYAMARAGA SUB COUNTY HOSPITAL</b>
		<b>OTHORO SUB COUNTY HOSPITAL</b>
		<b>OYANI SUB COUNTY HOSPITAL</b>
		<b>RONGO SUB COUNTY HOSPITAL</b>
		<b>URIRI SUB COUNTY HOSPITAL</b>
<b>FUNDS</b>	<b>5</b>	<b>MIGORI COUNTY WARD DEVELOPMENT FUND.</b>
		<b>MIGORI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE FUND</b>

	<b>MIGORI COUNTY CLIMATE CHANGE FUND.</b>
	<b>MIGORI COUNTY ALCOHOLIC DRINKS CONTROL FUND</b>
	<b>MIGORI COUNTY WARD DEVELOPMENT FUND.</b>

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

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

## CHAPTER ONE: WATER COMPANY

### 1.1. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI WATER AND SEWERAGE COMPANY LIMITED FOR THE FINANCIAL YEAR 2024/2025.

The Governor of Migori County, **Hon. Dr. Ochilo George Ayacko**, appeared before the Committee on Wednesday 28<sup>th</sup> January, 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Migori County Water and Sewerage Company Limited, for the Financial Year 2024/2025.

The Governor was accompanied by the following officers—

- |                    |              |
|--------------------|--------------|
| 1. Mr. Owuor Silas | - CECM Water |
| 2. Ms. Janet Apiyo | - Accountant |

#### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Migori County Water and Sewerage Company Limited on the following basis:

##### 1. Unsupported Long-Term Trade Receivables

The statement of financial position reflects trade receivables balance of Kshs.54,963,766 as disclosed under Note 20 to the financial statements. Included in this figure is Kshs.47,479,082 that has been outstanding for over one (1) year but the management did not make provisions for bad and doubtful debts as provided for under paragraph 66 (c) of the International Accounting Standard (IAS) No.1 which states that “An entity shall classify an asset as current when it expects to realize the asset within twelve months after the reporting period”. Further, no evidence was provided for verification to support the figure.

In the circumstance, the accuracy, completeness and recoverability of Kshs.57,963,766 in respect to trade and receivables could not be confirmed.

#### Management Response

The Management noted the auditor’s observation and wishes to provide the debtors listing and aging analysis of Kshs.47,479,082. Further, going forward, the management will provide for bad and doubtful debts as guided within the policy. Copies of the Debtor Listing and Aging Analysis and Bad and Doubtful Debts Policy were attached for the Committee verification.

### **Committee Observation**

The Committee observed that the management provided the schedules and ageing analysis, but failed to provide the provision for bad debts.

### **Committee recommendations**

**The Committee recommends that-**

- i. the Governor through the Accounting Officer should ensure that the water company undertakes debtor's circularization to confirm the authenticity of the receivables and provide a status update on the same to the Senate within sixty (60) days of the adoption of this report;**
- ii. the Governor ensures the Accounting Officer should, within 60 days of the adoption of this report, submit a provision for bad debts to the Auditor-General for review and verification and update the Committee in the subsequent audit cycle;**

### **2. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment net book value balance of Kshs.52,609,259. This figure however excludes undetermined values of thirteen (13) motor vehicles, twenty-two (22) motor cycles, computers, photocopiers, printers, office furniture. Although the management has explained that these assets belong to County government of Migori and Lake Victoria South Water Works Development Agency (LVSWWDA) and have been given to the company to support its operations, no evidence was provided for verification.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.52,609,259 could not be confirmed.

### **Management Response**

The Management noted the auditor's observation and wishes to state that the assets are held in trust for Lake Victoria south Water Works Development Agency in support of the operations of the entity. Copies of sample logbook and vehicle handover agreements were attached for the Committee verification.

### **Committee Observations**

The Committee observed that the ownership of the assets has not yet been transferred to the water company.

### **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Governor, through the CECM responsible for matters of water, should engage with the relevant Water Works Development Agencies to ensure the transfer of ownership documents of the donated items is fast-tracked;**
- ii. the Governor ensures that the management of the water company ensures that the valuation of all assets of the water company is fast-tracked and submits the valuation report to the Auditor- General for verification. The Auditor general to provide a status update on the matter in the subsequent audit cycle;**
- iii. upon completion of the transfer and valuation, the Accounting Officer should prepare an updated asset register within 60 days of the adoption of this report and submit to the Senate and a copy to the Auditor General for verification;**
- iv. the governor should ensure that the accounting officer undertakes adjustments to the financial statements so as to reflect the true value of the assets and auditor general should keep the matter in view in the subsequent audit cycle; and**
- v. the Accounting Officer ensures that the water company maintains an up-to-date asset register in accordance with section 149(2)(o) of the Public Finance Management Act Cap 412A and in the format prescribed by the Public Sector Accounting Standards Board (PSASB), failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

### **3. Bank and Cash Balances**

The statement of financial position and as disclosed under Note 21 to the financial statements reflects Kshs.3,157,875 in respect to bank and cash balances.

However, examination of records revealed that the Company's bank reconciliation statement for the Revenue Account no.1106248791 held at KCB, Migori Branch as at June 2025, revealed unpresented cheques totalling Kshs.6,978,689.41. However, examination subsequent bank statements and payment schedules indicated that these cheques, dating back to 1 July, 2021. Similarly, expenditure account No. held at KCB A/C No.1106248791 Migori Branch revealed stale cheques dating back to 22 November, 2022. No explanations or evidence was provided justifying the non-reversal of these stale cheques from the records.

In the circumstance the accuracy and completeness of Kshs.3,157,875 could not be confirmed.

### **Management Response**

The Management noted the auditor's observation and wishes to state that the reversal of the outstanding cheques has since been done in the financial system through journal entries. Going forward management will continue to ensure that stale cheques are cleared on time within the financial reporting period. Copies of the Journal Vouchers were attached for the Committee verification.

#### **Committee Observations**

The Committee observed that the reversal has been done.

#### **Committee Recommendations**

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

#### **4. Material Uncertainty Related to Going Concern**

The statement of profit or loss and other comprehensive income reflects negative operating loss of Kshs.9,260, 894. The loss increased the already negative retained earnings from Kshs.48,951,543 to Kshs. 58,212,437. Further, the total current liabilities of Kshs.94,804,687 exceeded the total current assets of Kshs.61,410,926 resulting to negative working capital of Kshs.33,393,761. The unfavourable financial status implies that the Company may not be able to meet its obligations as and when they fall due. Further the directors have not made any specific disclosure on the going concern status of the Company or indicated the measures planned to be taken to stop the loss-making trend and return the Company to profitability.

In the circumstances and as previously reported, the company is technically insolvent and its continued existence as a going concern is dependent on financial support from its creditors and County Government of Migori.

#### **Management Response**

The Management noted the auditor's observation and wishes to state that it has put in place steps to ensure maximum collection of revenue. The steps put in place are as follows:

- a) Rehabilitation of the pipelines to reduce on physical loss of water that has significantly contributed on non-revenue water.
- b) Installed an integrated, cloud-based collections system that has digital meter reading capabilities that is expected to significantly reduce commercial losses
- c) We are currently 100% metering with support from LVSWWDA

#### **Committee Observations**

The Committee observed that the company is still facing going concern challenges.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Governor should take keen interest in the management and operations of the water company in line with Article 179 (4) of the Constitution;**
- ii. the Accounting Officer should prepare and submit quarterly reports to the County Treasury in regard to the financial and non-financial status of the water company in line with section 166 of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap. 412A on penalties for offences shall apply;**
- iii. the County Executive Committee Member in charge of water should take full responsibility for monitoring the financial performance of the county corporation in line with section 184 of the Public Finance Management Act, 2012 and regularly report to the Governor through the County Executive Committee in line with Article 179 (6) of the Constitution;**
- iv. the County Treasury should undertake annual reporting on County Corporation, including an assessment of the commercial viability of the company in line with the standards set by the Water Services Regulatory Board under section 77(2) of the Water Act, 2016; and**
- v. the Accounting Officer should, within 60 days of the adoption of this report, put in place strategic and innovative measures for recovery and to boost the financial health of the water company for self-sustainability. Additionally, the management reviews and regularizes the company's existing assets and have updated assets register that reflect the current financial position. Further, management to determine and ascertain their commercial viability as required by the Public Sector Accounting Standards Board (PSASB).**

### **5. Budget Control and Performance**

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis amount of Kshs.163,879,800 and Kshs.58,412,619 resulting in on under-funding of Kshs.105,467,181 or 64% of the budget. Similarly, the Company expenditure amounted to Kshs.64,553,345 against the realized receipts of Kshs.58,412,619 resulting in an under-utilization of Kshs.6,140,726 or 11% of the actual receipts.

In the circumstance the under-funding and under-utilization may have impacted negatively on service delivery to the public.

## **Management Response**

The management noted the auditor's observation and wishes to state that the underfunding was majorly caused by failure to meet the revenues targets which was as a result non-operation of three of our schemes namely Awendo, Kehancha, and Kegonga due to technical breakdown at the pumping stations on many instances. Further, our largest schemes, Migori and Isebania, were breakdown in their intakes in Q1 2024/25 FY that hampered operations and overall performance that affected our revenue streams. Subsequently, this impacted negatively on our overall budget absorption but at the moment Kehancha water supply has been fixed and Rehabilitation work at Awendo Water Supply is currently ongoing.

## **Committee Observations**

The Committee observed that the company is struggling with revenue collection to meet its targets.

## **Committee Recommendations**

The Committee recommends that; -

- i. **The Governor ensures the Accounting Officer strictly complies with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply;**
- ii. **The Governor ensures the Accounting Officer to comply with regulation 42(1) (b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- iii. **The Governors ensures the Board of Directors institutes proper and realistic budget planning as well as measures to enhance its own generated revenue, such as review of tariffs, connection of more customers and automation to address revenue leakages. The Auditor-General to confirm the effectiveness of the mitigating measures put in the water company and report in the subsequent audit cycle.**

## **6. Unresolved Prior Year Issues**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report of Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the company in 2024/2025 revealed that the numerous matters remained unresolved.

**Management Response**

The management noted the auditor's observation and wishes to state that we are currently addressing the issues progressively as shown in the table below. Further, we are committed to continuously resolve the prior audit issues.

No	Financial Year	Audit Issue	Status Report	Remarks
1	2023/2024	Undisclosed property, plant, and equipment	Resolved	Assets belong to other government entities
2	2023/2024	Unsupported trade receivables	On going	1 year to resolve
3	2023/2024	Failure to transfer shareholding	Ongoing	2025/26 FY
4	2023/2024	Material uncertainty on going Concern	On going	3 years to resolve
5	2023/2024	Budgetary control and performance	On going	1 year to resolve
6	2023/2024	Irregular spending of customer deposits	On going	3 years to refund
7	2023/2024	Operating without a valid tariff	On going	1 year to resolve
8	2023/2024	High Non-Revenue water	On going	3 years to resolve
9	2023/2024	Failure to comply with Ethnic diversity	On going	3 years to resolve
10	2023/2024	Trade and other payables	On going	3 years to resolve
11	2023/2024	Unbilled customers	On going	1 year to resolve
12	2023/2024	Non-collection of lease fees for kiosks	Resolved	2025/26 FY
13	2023/2024	Lack of integrated revenue system	Resolved	2025/26 FY

14	2023/2024	Failure to maintain water meters register	Resolved	2024/25 FY
15	2023/2024	Lack of Risk Management Policy	Ongoing	2024/25 FY
16	2023/2024	Weaknesses in Inventory and Assets Management	Ongoing	1 year to resolve

Copies of the Water Kiosk Lease fees and Agreement, contract Agreement for integrated System and an extract of the water meter Register were attached for the committee verification.

### **Committee Observations**

The Committee observed that the management is progressively resolving the prior year matters.

### **Committee Recommendations**

The Committee recommends that —

- i. **the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. **the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.**

## **REPORT ON LAWFULLNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **1.Customer Deposits**

The statement of financial position as disclosed in Note 28 to the financial statements reflects customer deposit balances of Kshs.10,505,232. However, a review of the customer deposit bank account No. 1106253906 held at Kenya Commercial Bank revealed a balance of Kshs.50,986 resulting to unreconciled variance of Kshs.10,454,246. Management explained that the Company has been drawing from the deposit account over the years to finance urgent financial and statutory obligations with the intention of refunding the same when the company stabilizes its revenue streams and that there is a commitment to refund

these funds progressively over time, However, no evidence was provided for verification. No refunds were made to customers during the year implying that Kshs.10,454,246 belonging to customers were irregularly spent.

In the circumstances management was in breach of the law.

### **Management Response**

The Management noted the auditor's observation and wishes to state that we are currently implementing an integrated cloud-based revenue billing system which has the potential in increasing our revenue base. We will refund the deposits progressively, as our revenue improves with the new system in place.

### **Committee Observations**

The Committee observed that the management has not yet refunded the customer deposits neither provided timelines for the refund.

### **Committee Recommendations**

**The Committee recommends that-**

- i. the Accounting Officer should, within 60 days of the adoption of this report, submit to the Senate and the Auditor-General status of implementation of the repayment plan with clear timelines for the repayment of the customer deposits;**
- ii. the Governor should ensure that the Accounting Officer provides a certified bank statement for the designated customer deposit account and a comprehensive individual customer deposit register within 60 days of the adoption of this report to Senate and a copy to the Auditor-General. The Auditor-General to provide status update to the Senate on the same;**
- iii. the Board of Directors should put in place a Customer Deposits Management Policy to guide how the water company can access, utilize and refund the money within specified timelines. Further, the Accounting Officer should ensure that there is full disclosure to the water company's customers on the utilization of the deposits; and**
- iv. the Accounting Officer should ensure that all customer deposits are deposited in a fixed/call account whose access to the management is limited and where the accrued interests can be used to offset the bank charges. Management to submit evidence of the same to the Auditor-General within 60 days of the adoption of this report for verification.**

### **1. Non-Revenue Water (NRW)**

Records maintained by the Company for the year indicates that a total of 640,004 m<sup>3</sup> of water was produced, while only 363,325 m<sup>3</sup> was billed to customers. The difference of 276,679 m<sup>3</sup> represents 43.2% non-revenue water, which exceeds the acceptable threshold by 18.2%, contrary to WASREB guidelines resulting to estimated revenue losses of Kshs.16,562,004, based on the Company's average sale rate of Kshs. 59.86 per m<sup>3</sup>.

The high level of NRW, combined with declining revenue streams and limited operations in the Oyani, Uriri, and Rongo schemes, indicates inefficiencies in the Company's water production and distribution system.

Further, documentation reviewed showed that the Awendo Water Scheme was non-operational throughout the period, contributing to under-utilization of assets and potential service gaps.

The NRW level of 43.2% recorded during the year is not acceptable, indicating significant inefficiencies in water distribution operations and non-compliance with WASREB performance benchmarks.

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

### **Management Response**

The Management noted the auditor's observation and wishes to state that it has put in place the following steps to reduce Non-Revenue Water;

- a) Rehabilitation of the pipelines to reduce on physical loss of water that has significantly contributed on non-revenue water.
- b) Installed an integrated, cloud-based collections system that has digital meter reading capabilities that is expected to significantly reduce commercial losses
- c) We are currently 100% metering with support from LVSWWDA

### **Committee Observations**

The Committee observed that the management is working towards reduction of the non-revenue water levels, by implementing various mitigation measures.

### **Committee Recommendations**

**The committee recommends that-**

- i. **The Governor should ensure that the Accounting Officer monitors and oversees the implementation of measures to mitigate Non-Revenue Water (NRW), addressing both physical and commercial losses, and reports progress to the Auditor-General for review in the subsequent audit cycle.**

- ii. **the Governor ensures that the Accounting Officer segregates NRW to both Physical or Commercial so that the water company can ascertain and identify specific mitigating measures to effectively address and reduce the NRW levels; and**
- iii. **the County Government to collaborate with the Ethics and Anti-Corruption Commission to ensure pre-emptive measures are put place to reduce cases of theft and illegal connections.**

## **2. Operation Without Valid Water Tariff**

Examination of records established that the Company is operating without a valid approved water tariff to guide the cost of services charged to customers. Further, no evidence was provided to confirm submission of a tariff review request to WASREB for consideration and approval. This implies that water users may be charged fees that are not aligned with regulatory requirements, and the Company may be unable to recover the full cost of service provision due to reliance on outdated or unapproved tariff structures.

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

### **Management Response**

The management noted the auditor's observations and wishes to state that the processes of applying for the cost recovery tariff is still ongoing with WASREB acknowledging receipt of the application. Further, the management is the process of providing the required documents as provided for in the WASREB checklist for further processing. Copies of the application for a new tariff and the Letter from WASREB were attached for the Committee verification.

### **Committee Observations**

The Committee observed that the management has applied for the cost recovery tariff and is awaiting approval by WASREB.

### **Committee Recommendations**

**The Committee recommends that-**

- i. **the Accounting Officer should undertake tariff adjustments as required by Water Services Regulatory Board (WASREB) Tariff Guideline, 2023;**
- ii. **the Accounting Officer formally submit all proposed tariffs to WASREB for approval, accompanied by comprehensive justification and supporting documentation, in accordance with the application requirements stipulated in the Tariff Guideline, 2023, to facilitate timely review and authorization prior to implementation.; and**

- iii. **in line with the WASREB Tariff Guideline, 2023, WASREB should ensure total compliance with guideline 4.0 on the Tariff Adjustment Process which provides that the process shall take a maximum of six months from the receipt of a complete application.**

### **3. Delayed Payment of Employees**

The statement of the financial position reflects trade and other payables balance of Kshs.84,299,455. Included in this balance is employees payable of Kshs.29,806,192 as disclosed under Note 27 to the financial statements. However, examination of records revealed that salary arrears totaling Kshs.25,128,492 has been outstanding for more than 1 year. This was contrary to section 18(2)(k) of the Employment Act,2007 which stipulates those wages and salaries shall be deemed to be due in the case of an employee in position for a period exceeding one month at the end of each month on part therefore.

In the circumstances, Management was in breach of law.

#### **Management Response**

The management noted the auditor's observation and wishes to state that the outstanding salary arrears were necessitated by the company's financial constraints due to low revenue collection. However, the company has made strides in paying arrears and has consistently paid current salaries to ensure there isn't extra accumulation of the outstanding arrears.

#### **Committee Observations**

The Committee observed that the management failed to submit any evidence of payment of the salary arrears, indicating that the arrears have not been cleared.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. **within sixty (60) days of the adoption of this report, the Accounting Officer engages the relevant staff to formulate a repayment plan for the salary arrears and file a report on the same with the Auditor-General for verification. The Auditor-General to provide a status update on the matter in the subsequent audit cycle;**
- ii. **the Governor to ensures the water company makes budgetary provision to clear the outstanding salary arrears by the end of the FY 2026/2027 and provide a status update to the Senate within 60 days of the adoption report; and**
- iii. **the Governor ensures that the County Executive Committee Member in charge of water continuously monitors the financial performance of the**

**water company in line with section 184 of the Public Finance Management Act, 2012 and report on the same to the County Executive Committee, making recommendations on how the water company can improve its performance.**

#### **4. Failure to Conduct Annual Board Self-Assessment**

The Statement of profit or loss and other comprehensive Income and as disclosed under Note 11 reflects Kshs.571,050 in respect of board expenses. However, review of the governance and performance management records revealed that the board of directors did not conduct an annual board performance assessment as required under Section 3.8.2 of the Water Services Regulatory Board (WASREB) Corporate Governance Guidelines. No evidence of such evaluation, reports, or approved action plans for the year under review was availed for audit verification.

In the circumstances, Management was in breach of the law

##### **Management Response**

The management noted the auditor's observation and wishes to state that going forward it will ensure all board members are subjected to self-assessment reviews.

##### **Committee Observations**

The Committee observed that the management committed to subject the board members to self-assessment reviews.

##### **Committee Recommendations**

**The Committee recommends that the Governor ensures that the Accounting Officer adheres to Section 3.8.2 of the Water Services Regulatory Board (WASREB) Corporate Governance Guidelines which requires the board of directors to conduct an annual performance assessment.**

#### **5. Failure to Comply with Ethnic Diversity**

Our audit examination of the personnel records provided for audit review revealed that as 30th June 2025 the Company had a total of thirty-nine (39) employees in the payroll from ranks ethnic committees. The data provided revealed that one ethnic community occupied 51% of the total jobs in the Company while the remaining 49% of the jobs were shared among the other ethnic communities.

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

##### **Management Response**

The management noted the auditor's observation and wishes to state that Migori County is a cosmopolitan County, and all communities are always encouraged to apply for the advertised vacancies in line with National Cohesion and Integration Act, 2008. However, the Board is currently working towards full compliance and implementation of section 7(1) and (2) of the National Cohesion and Integration Act.

### **Committee Observations**

The Committee observed that the management is still non-compliant with ethnic diversity threshold, as 51% of the total job positions in the company is occupied by the one ethnic community.

### **Committee Recommendations**

The Committee recommends that—

- i. the Governor ensures management comes up with deliberate measures to ensure staff diversity at entry level when filling vacant positions, in full compliance with Section 7(2) of the National Cohesion and Integration Act, 2008;**
- ii. all future recruitment vacancies are advertised in newspapers of national circulation and on the Company's website to attract applicants from diverse ethnic backgrounds; and**
- iii. the Auditor-General monitors compliance with the National Cohesion and Integration Act, 2008 and provides a status update in the subsequent audit cycle.**

### **6. Delayed Remittance of Statutory Deductions**

Included in the trade and other payables figure of Kshs.84,299,455 is accrued expense of Kshs.31,435,031 as disclosed under Note 27 to the financial statements. Review of the records revealed that the balance included unpaid Pay-As-You-Earn (P.A.Y.E) tax of Kshs.1,184,996 and National Social Security Fund (NSSF) of Kshs.1,264,370 which has been outstanding for more than 12 months as of 30 June, 2025.

Failure to remit the deductions infringe on section 19(4) of the Employment Act, 2007 which requires statutory deductions to be paid to the relevant authorities in due time.

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

### **Management Response**

The management noted the auditor's observation and wishes to state that the delay was necessitated by the company's financial constraints due to low revenue collection.

However, we have since agreed on a payment plan for unpaid NSSF and PAYE remittances which we are committed to honour. Going forward management will ensure that we continuously pay statutory obligations when they fall due. Copies of NSSF & PAYE Payment plans were attached for the Committee verification.

### **Committee Observations**

The Committee observed that the management submitted evidence to show an agreed payment plan with NSSF and PAYE. However, the statutory deductions remained unpaid.

### **Committee Recommendations**

The Committee recommends that-

- i) **the Governor ensures that the accounting officer immediately computes and remit the outstanding NSSF and PAYE for FY 2024/2025, and work with IFMIS administrators to configure automatic deduction and remittance of the statutory deduction.**
- ii) **Train procurement and finance staff on statutory deduction requirements and conduct periodic compliance audits to ensure all statutory deductions are made.**

## **7. Non-Compliance with Workers Injury Benefits Act (WIBA)**

The statement of profit or loss and other comprehensive income as disclosed in Note 9 to the financial statement reflects Kshs.11,353,183 in respect to staff costs. However, a review of the records revealed that the Company had not taken an insurance policy to cover its employees against work-related injuries and occupational diseases as required under Workers Injury Benefits Act 2007. Further evidence of a valid workers injury benefits act compliance certificate or insurance policy was provided for audit verification.

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

### **Management Response**

The management noted the auditor's observation and wishes to state that failure to procure WIBA Insurance for our workers was necessitated by the company's financial constraints due to low revenue collection. However, the management is taking the necessary measures to ensure we have an insurance policy in place including sourcing for funds from County Executive to help in catering for policy costs.

### **Committee Observations**

The Committee observed that the management is yet to comply to the WIBA regulations due to financial constraints.

## **Committee Recommendations**

**The Committee recommends that the Governor ensures that the Accounting Officer makes deliberate efforts to comply with the Workers Injury Benefits Act, 2007. The Auditor General to keep this matter in view in the subsequent financial year audit.**

### **8. Unbilled Customers and Unreconciled Billing Records**

A review of the (Water Regulation Information System (WARIS) annual report and customer billing records revealed that the Company had a total of 9,358 connections, out of which 3,651 (39%) were dormant for more than three months and 5,707 were active.

From the active connections, 3,943 are metered while 1,764 remain unmetered. The report further states that the Company did not disclose multi-dwelling unit connections (metered and unmetered) despite this category consuming 65,936 m<sup>3</sup> valued at Kshs.4,214,784 during the year.

However, Management has however not provided any evidence for verification showing corrective measures taken to address the situation. Further, 48,956 m<sup>3</sup> of water was attributed to consumption by unmetered customers, but billings and collections from these customers could not be validated since the billing system could not generate a report on unmetered collections, despite the company charging unmetered clients at an average flat rate.

In the circumstances, the effectiveness of the Company's internal controls over the billing could not be confirmed.

### **Management Response**

The Management noted the Auditor's observation and wishes to state as follows:

- (a) The dormant connections are made up of customers connected to pipelines that have been destroyed by road contractors and are yet to be repaired and disconnected customers due to non-payment of the bills. However, the management has been in communication with the contractors to replace the destroyed pipelines, and they have committed to restoring the pipelines. In addition, we are re-activating the disconnected customers upon payment of the outstanding bills or signing of a payment plan.
- (b) The connections that are unmetered and billed on average are made up of stuck meters that are over 10 years old, and vandalized meters. However, the company is currently replacing all stuck meters and vandalized brass meters that shall be replaced with plastic meters.

## **Committee Observations**

The Committee observed that the company is in the process of continuously addressing the issues of unbilled customers and unreconciled billing records.

#### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps the matter on check and report to the Senate in the subsequent audit cycle.**

#### **9. Non-Collection of Lease Fees from Kiosks and Ablution Blocks**

Review of the company's record revealed that the Company budgeted Kshs.236,000 as lease income from water kiosks and ablution blocks during the year. However, no lease fees were collected, despite having six (6) active ablution block connections and forty-six (46) active kiosk connections. In addition, lease contracts were not availed for audit review.

Further, the basis for budgeting of Kshs.236,000 could not be supported as similar revenue had not been realized in the last three years, indicating that the revenue target may have been unrealistic.

In the circumstances, the effectiveness of the internal control over the lease fees of lost could not be confirmed.

#### **Management Response**

The Management noted the auditor's observation and wishes to state that Lease agreements were not renewed in FY 2024/25 due to non-adherence by the lessees to the provisions of the lease agreements. However, the leases have since been renewed in FY 2025/26 after review of the lessee's compliance with lessors' requirements. Sample lease agreement and invoices were availed for the committee verification.

#### **Committee Observations**

The Committee observed that the lease agreement and invoices were submitted for verification hence addressing the matter satisfactorily.

#### **Committee Recommendations**

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

#### **10. Manual Billing and Non-Utilization of Water Billing Software**

Despite investment in a billing software system, most billing processes are manually executed. This compromises billing accuracy, delays revenue recognition, and increases the risk of manipulation or data loss.

#### **Management Responses**

The Management noted the auditor's observation and wishes to state that the billing software is semi manual as meter reading, billing and customer accounts updates are done manually. However, we have currently installed an integrated and automated system for the entire billing and collections process that shall reduce billing inaccuracy, and the risk of manipulation or data loss.

#### **Committee Observations**

The Committee observed that the management submitted documentary evidence to support that the company has installed digital water billing and payment systems, hence addressing the matter satisfactorily.

#### **Committee Recommendations**

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

### **11. Inadequate Training and Segregation of Duties for Billing Personnel**

The billing process is handled by a few individuals without adequate segregation of duties between meter reading, bill processing, posting and revenue collection, increasing the risk of fraud and undetected errors.

#### **Management Response**

The management noted the auditor's observation and wishes to state that it has different personnel at each level, though not adequate. In addition, the management is in the process of developing a needs assessment program to help understand the knowledge gaps and training needs for our officers.

#### **Committee Observations**

The Committee observed that the management is working on the need assessment on segregation of duties for the billing personnel.

#### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps the matter on check and report to the Senate in the subsequent audit cycle.**

### **12. Regional Offices not Integrated with Head Office Billing System**

Regional offices are not connected to the main billing system, resulting in delayed manual updates, inconsistent data, and challenges in monitoring revenue performance across regions.

### **Management Response**

The Management noted the auditor's observation and wishes to state that the billing system that was used during the period under review was an onsite system that could not be integrated into the regional (scheme) offices that are quite expansively spread within the County. However, the Company has installed a new billing system that is cloud based and can be accessed globally.

### **Committee Observations**

The Committee observed that the management has installed digital water billing and payment systems to ensure that the regional offices are captured, hence addressing the matter satisfactorily.

### **Committee Recommendations**

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

## **13. Revenue Collection Inefficiencies**

Weak enforcement mechanisms and lack of proper monitoring have led to delayed collections, accumulation of arrears, and increased doubtful debts, undermining cash flow and operational sustainability.

### **Management Response**

The Management noted the auditor's observation and wishes to state that the revenue collection inefficiencies were caused by lack of an intergraded revenue collection system. However, the company has installed an integrated, cloud-based collections system that has the capacity of automated digital meter reading and invoicing, real time reading and dispatch of the bills to the customers and automatic update of customers' accounts which has enabled effective monitoring and reporting thereby significantly reducing commercial losses.

### **Committee Observations**

The Committee observed that the inefficiencies were caused by the lack of an integrated billing system.

### **Committee Recommendations**

**The Committee recommends that the Governor ensures that the accounting officer exploits other measures of revenue collection efficiency, and reduce commercial losses. The Auditor General to keep this matter on check and report o the Senate in the subsequent audit cycle.**

#### **14. Unmetered Connections Not Properly Managed**

A significant number of active customers remain unmetered and are billed on estimated consumption, which cannot be independently verified and creates opportunities for underbilling and collusion.

##### **Management Response**

The Management noted the auditor's observation and wishes to state that the connections that are unmetered and billed on average are made up of stuck meters that are over 10 years old, and vandalized meters. However, the company is currently replacing all stuck meters and vandalized brass meters that shall be replaced with plastic meters. A copy of the Report on the installed meters was availed for the Committee verification.

##### **Committee Observations**

The Committee observed that the management has undertaken the process of metering all the unbilled customers, and that the process of replacement of meters was ongoing.

##### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps this matter on check and report to the Senate on the progress, in the subsequent financial year audit.**

#### **15. Expired Water Tariff in Use**

The Company continues to operate without a valid and approved tariff from WASREB. Charges applied may not be cost-reflective and expose the Company to regulatory non-compliance and revenue shortfalls.

##### **Management Response**

The management noted the auditor's observations and wishes to state that the processes of applying for the cost recovery tariff is still ongoing with WASREB acknowledging receipt of the application. Further, the management is in the process of providing the required documents as provided for in the WASREB checklist for further processing.

##### **Committee Observations**

The Committee observed that the management has submitted the application for cost recovery tariff to WASREB and is awaiting approval.

##### **Committee Recommendations**

**The Committee recommends that-**

- i. the Accounting Officer should undertake tariff adjustments as required by Water Services Regulatory Board (WASREB) Tariff Guideline, 2023;**

- ii. **the Accounting Officer formally submit all proposed tariffs to WASREB for approval, accompanied by comprehensive justification and supporting documentation, in accordance with the application requirements stipulated in the Tariff Guideline, 2023, to facilitate timely review and authorization prior to implementation.; and**
- iii. **in line with the WASREB Tariff Guideline, 2023, WASREB should ensure total compliance with guideline 4.0 on the Tariff Adjustment Process which provides that the process shall take a maximum of six months from the receipt of a complete application.**

## **16. Inspection, Monitoring and Evaluation**

Poor management security and reporting structure leading to Vandalism and delayed repair and maintenance of water schemes mechanical and electromechanical breakdown at the treatment Centres.

In the circumstance, the control environment surrounding billing and revenue management at the Company is inadequate to ensure effective safeguarding of revenue, reliability of billing information, and compliance with applicable laws and regulations.

### **Management Response**

The Management noted the auditor's observation and wishes to state that it has secured all its premises with contracted security services. In addition, the scheme managers conduct periodical assessments of mechanical and electromechanical requirements and reports reviewed regularly. Copies of the security company contract and samples O&M reports were availed for the Committee verification.

### **Committee Observations**

The Committee observed that the management had taken measures to address the matter, and supporting documents verified by the auditors to the satisfaction of the Committee.

### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps this matter on check and report to the Senate on the progress, in the subsequent financial year audit.**

## **17. Inventory Management Weaknesses**

The statement of financial position reflects an inventory a figure of Kshs.3,289,285 as disclosed in Note 19 to the financial statements, examination of available records however revealed that the Company has not developed a stock management policy and implemented an inventory management system to automate and streamline record-keeping processes.

Similarly, quarterly stock-takes were not conducted or submitted to the Accounting Officer, contrary to the requirements of Section 162(2) of the Public Procurement and Asset Disposal Act (PPADA), 2015.

Further, records examined revealed that the Department of Water, Migori County controls the stock of chemicals without maintaining proper records for the receipt and issuance of chemicals. This arrangement undermines the independence of Migori Water Company in managing its own inventory.

In the circumstances, the inventory management controls over inventory are not effective.

### **Management Response**

The Management noted the auditor's observation and wishes to state that the purchase and storage of chemicals is done by the County Executive as a subsidy through the department of Water & Energy until such a time when we can be able to make even in our operations with the installation of the new billing software that is aimed at improving revenue collections. Copies of Sample Requisition Letters were availed for the Committee verification.

### **Committee Observations**

The Committee observed that Management is yet to update the bin cards and reconcile them with the physical stock to accurately reflect the actual stock position.

### **Committee Recommendations**

**The Committee recommends that Management should strengthen inventory management controls by ensuring timely updating of bin cards for all stock movements, regular periodic reconciliations between physical stock and records, and enhanced supervision and review of storekeeping functions.**

## CHAPTER TWO: MUNICIPALITIES

### 2.1.REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR AWENDO MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025.

The Governor of Migori County, **Hon. Dr. Ochilo George Ayacko**, appeared before the Committee on Wednesday 28<sup>th</sup> January, 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Awendo Municipality, for the Financial Year 2024/2025.

The Governor was accompanied by the following officers-

- |                       |                     |
|-----------------------|---------------------|
| 1. Ms. Mercy Sau      | - CECM Lands        |
| 2. Mr. Mandela Nelson | - Municipal Manager |
| 3. Mr. Isaac Ouko     | - Chairman          |

#### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **Unqualified Opinion** on the financial statements of the Awendo Municipality on the following basis -

##### 1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparison basis amounts of Kshs.20,867,456 and Kshs.20,016,236 respectively, resulting in underfunding of Kshs.851,220 or 4%. Similarly, the Municipality capital expenditure amounted to Kshs.18,597,354 against a budget of Kshs.37,234,595 resulting in an underperformance of Ksh.18,637,241 or 50% of the budget.

In the circumstances, the underfunding and underutilization may have impacted negatively on service delivery to the public.

##### Management Response

The management noted the Auditor's observation and wishes to state that the underfunding was due to late exchequer disbursement. In addition, the under-capital expenditure was due to non-implementation of Urban Development Grant projects amounting to Kshs. 16,800,000 which was not disbursed. Ksh. 1,837,241 was incurred for ongoing projects which has since been completed.

##### Committee Observations

The Committee observed that the management suffered an underfunding of 4% of its budget and an under-utilization of 50% of its budget which was caused by late exchequer disbursement from the County Executive.

### **Committee Recommendations**

The Committee recommended that

- i. the Governor ensures compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and
- ii. The Governor ensures that the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.

### **2. Unresolved Prior Year Audit Matters.**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance respectively. Review of the status during audit of the Municipality in 2024/2025 revealed that the following matters remained unresolved.

<b>S/No</b>	<b>Financial Year</b>	<b>Audit Issue</b>	<b>Status</b>
1	2023/2024	Accuracy of the Statement of Financial Performance	Resolved
2	2023/2024	Variance between the Statement of Comparison of Budget and Actual Amounts and the Statements of Changes in Net Assets	Resolved
3	2023/2024	Weaknesses in Internal Audit Functions.	Un-Resolved

### **Management Response**

The management noted the Auditors' observation and will continuously resolve the issues as raised in the Auditors' report. Two of the three issues were resolved during the year under review.

### **Committee Observations**

The Committee observed that the management is progressively addressing the prior year matters.

### **Committee Recommendations**

The Committee recommends that —

- i. the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and
- ii. the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.

## **REPORT ON LAWFULLNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES.**

### **3. Failure to Transfer Functions to Awendo Municipality and Board.**

The statement of financial performance reflects Board expenditure of Kshs.6,720,000. Awendo Municipality was given a charter in 2018 and subsequently a Board was constituted.

Review of the function of Awendo Municipality and the Board revealed that Gazette Notice No.2384 of 20 March,2020 transferred the functions of overseeing the affairs of Awendo Municipality from the County Government of Migori.

However, scrutiny of the operations of the Municipality revealed that even though procurement and execution of projects were carried out by the Municipality, payments were done directly by the County on behalf of the Municipality instead of the board as required.

In the circumstances, existence of effective service delivery to the public could not be confirmed.

### **Management Response**

The management noted the Auditor's observation and wishes to state that the municipality is progressively gaining its independence on its operations. Currently the management is in consultation with the National Treasury – IFMIS Section to have the municipality of Awendo configured to have a Special Purpose Account (SPA) to enable direct payments by the municipality.

### **Committee Observations**

The Committee observed that the management has applied to the National Treasury – IFMIS Section, to have the municipality configured to have a special purpose account to enable direct payment by the municipality.

### **Committee Recommendations**

The Committee recommends that-

- i. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;**
- ii. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;**
- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- iv. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

#### **4. Failure to Collect Own Generated Revenue**

The statement of financial performance indicates that the Municipality was financed solely through revenue allocated by the County Government, contrary to section 172(a) of Public Finance Management Act, 2012, which states that 'an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising measures which is retained by the urban area'. Further, conferment of municipal status may have been made without satisfying the criterion of demonstrable revenue collection or revenue collection potential, contrary to the provision of Section 9 (3)(c) of the Urban Areas and Cities Act, 2011. As a result, the Municipality may not achieve its objectives and goals as outlined in the Charter.

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

### **Management Response**

The management noted the Auditor's observation and wishes to state that, revenue collection function has not been transferred to the Municipality since its delegation is at the discretion of the County Government as Provided for in Sec 20 (1) (m) of Urban Area and Cities Act, 2011.

In addition, the County Assembly enacted a legislation that created a Revenue Authority Board which is mandated to collect all County revenue in accordance with Migori County Revenue Administration Act, 2023 and the Public Finance Management Act.

Extracts of Urban Area and Cities Act, 2011 and Migori County Revenue Administration Act, 2023 were attached for the Committee verification.

### **Committee Observations**

The Committee observed that the county still collects on behalf of the municipality, contrary to section 172(a) of Public Finance Management Act, 2012, and Section 9 (3)(c) of the Urban Areas and Cities Act, 2011.

### **Committee Observations**

The Committee observed that the management has applied to the National Treasury – IFMIS Section, to have the municipality configured to have a special purpose account to enable direct payment by the municipality.

### **Committee Recommendations**

**The Committee recommends that-**

- iii. **within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and**

**the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;**

- iv. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;**
- v. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- vi. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

#### **5. Failure to Achieve Strategic Priorities by the Municipality**

Review of projects as stipulated in Awendo Municipality progress of Municipality projects report, revealed that three (3) priority projects involving; Electrification of Awendo Modern Market, Digitization of Land Records and Planning, Survey and Issuance of Lease Titles to Jiw Dendi informal settlement residents were not implemented as at the end of the year.

In the circumstances, the effectiveness of service delivery to the public could not be confirmed.

#### **Management Response**

The management noted the Auditor's observation and wishes to state that the electrification of Awendo modern market was still ongoing at the time of the audit and their contract period had not elapsed. Further, the digitization of land records, planning, survey and issuance of lease titles to Jiw Dendi informal Settlement residents were done in collaboration with the donors and is a multi-year projects with the state department for Housing and Urban Development being the implementing agency. A Copy of Contract document for Electrification of Awendo modern market was attached for the Committee verification.

#### **Committee Observation**

The Committee observed that the management had started the electrification and digitization processes, while the issuance of titles to Jiw Dendi informal settlements was done as supported by the submitted documents.

### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps the matter on check and report on its progress in the subsequent financial year audit cycle.**

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS. RISK MANAGEMENT AND GOVERNANCE**

### **1. Weak Internal Audit and Audit Committee Function.**

Review of records revealed that the Internal Audit Function of the County Executive issued only two reports in the year under audit, covering the Awendo Municipality operations. This was contrary to regulation 166(1) and (2) of the Public Finance Management (County Government) Regulations, 2015, which states that the head of internal audit unit shall prepare a quarterly internal audit reports which shall cover areas provided for in the guidelines and shall be in a format issued by the Cabinet Secretary.

In addition, the audit committee did not discuss the reports during the year under review, contrary to Regulation 172(1) of the Public Finance Management (County Government) Regulations, 2015, which requires audit committees to meet at least once every three months.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

### **Management Response**

The management noted the auditor's observation and wishes to state that the municipality is a semi-autonomous entity with some of the functions being performed by the County Executive. The internal audit Directorate planned to carry out two quarter audit activities in the Financial Year 2024-2025 which were done and reports issued.

Further, at the time of audit the Audit committee was yet to discuss the report which was scheduled for in the first Quarter 2025-2026 and this has since been done and the recommendations issued for management action. An extract of Audit Committee minutes was availed for the Committee verification.

### **Committee Observations**

The Committee observed that the management submitted two audit reports and minutes of the Audi Committee, as evidence of existence of a functional audit function.

**Committee Recommendations**

**The Committee recommends ha he matter be marked as resolved.**

**2.2. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KEHANCHA MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025.**

The Governor of Migori County, **Hon. Dr. Ochilo George Ayacko**, appeared before the Committee on Wednesday 28<sup>th</sup> January, 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kehancha Municipality, for the Financial Year 2024/2025.

The Governor was accompanied by the following officers-

- 1. Ms. Mercy Sau - CECM Lands
- 2. Mr. Maroa Simon - Municipal Manager

**REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Kehancha Municipality on the following basis;-

**1. Unconfirmed Development Grant Amount**

The statement of changes in net assets reflects development amount received during the year of Ksh's. 7,495,711. However, Annex 2 on inter-entity transfers shows that all transfers from the County Executive of Migori amounting to Ksh. 15,052,266 were recurrent grants. No explanation was provided for the anomaly.

In the Circumstances, the accuracy and completeness of the development grant amounting to Ksh. 7,495,711 could not be confirmed.

**Management Response**

The management noted the Auditor's observation and wishes to state that Kshs. 7,495,711 were amounts incurred for development expenditure which were paid for by the Migori County Executive on behalf of the municipality as shown on Pg 35 of Audited financial statement. The breakdown is provided here below:

<b>MUNICIPALITY NAME: KEHANCHA MUNICIPALITY</b>		
<b>Breakdown of Transfers from the County Executive of Migori FY 2024/2025</b>		
<b>Development Grants</b>	<b>Amount (Kish's.)</b>	<b>Indicate the FY to which the amounts relate</b>
Opening and Grading of Ombogi-Maranatha Road-Development	4,496,740	F/Y-2024/2025

Opening and Grading of Omome-Kibarori Road Development	2,998,971	F/Y-2024/2025
<b>TOTAL</b>	<b>7,495,711</b>	

### **Committee Observation**

The Committee observed that the management included the disclosure in a different page of the financial statement, and that the expenditure was incurred by the Municipality and it was not a transfer as stated.

### **Committee Recommendation**

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

### **Emphasis of Matter**

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Ksh. 52,979,154 and Ksh. 27,644,147 respectively, resulting in under-funding of Ksh. 25,335,007 or 48% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

### **Management Response**

The management noted the Auditor's observation and wishes to state that the underfunding of Ksh. 25,335,007 was due to late exchequer disbursement. Going forward, the County Government will continuously, in collaboration with the Council of Governors, engage The National Treasury for timely disbursement.

### **Committee Observations**

The Committee observed that the management suffered an underfunding of Ksh. 25,335,007 or 48% of the budget which was caused by late exchequer disbursement from the County Executive.

### **Committee Recommendations**

- i. compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares**

**their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

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

### **3. Non-Collection of own Generated revenue**

The statement of financial performance revealed that the Municipality was financed through revenue allocation by the county Government, contrary to section 172(a) of Public Finance Management Act, 2012, which states that an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising measures which is retained by the urban area'. Further, conferment of municipal status may have been made without satisfying the criterion of demonstrable revenue collection or revenue collection potential, contrary to section 9(3)(c) of the urban areas and cities Act, 2011. As a result, the Municipality may not achieve its set objectives.

#### **Management Response**

Management noted the Auditor's observation and wishes to state that, revenue collection function has not been transferred to the Municipality since its delegation is at the discretion of the County Government as Provided for in Sec 20 (1) (m) of Urban Area and Cities Act, 2011. In addition, the County Assembly has enacted a legislation that created a Revenue Authority Board that is a receiver of County revenue and collects for all County revenue in accordance with Migori County Revenue Administration Act, 2023 and the Public Finance Management Act 2012. An extract of Urban Area and Cities Act, 2011 and Migori County Revenue Administration Act, 2023.

#### **Committee Observations**

The Committee observed that the revenue collection function has not been transferred to the Municipality, and instead, the County Assembly enacted a legislation (County Revenue Administration Act, 2023) which created a Revenue Authority Board which is the receiver of revenue and collects all county revenue.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;
- ii. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;
- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and
- iv. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.

#### **4. Failure By the County Government of Migori to Transfer Functions to Kehancha Municipality**

The Municipality of Kehancha was given a charter on 15 February, 2023 and Consequently a board was formed. However, review of the functions of the municipality vis-vis the functions of the Board as per Gazette Notice No.15640 of 17 November 2023, which transferred the function of overseeing the affairs of the Municipality of Kehancha from the County Executive, revealed these functions were being performed by the county executive of Migori. The functions include managing refuse collection, solid waste management services, provision of water and sanitation infrastructure, municipal infrastructure, enforcing municipal plans, provision of administrative services and collection of revenue.

In the Circumstance, the County Executive of Migori was in breach of law.

#### **Management Response**

The management noted the auditor's observation and wishes to state that the municipality is progressively gaining its independence on its operations through various ongoing activities. However, the said functions are yet to be transferred to the Municipality upon delegation by the County Government. Meanwhile the County government has put in in place a transition committee tasked with establishing the viable functions that can be performed taking into consideration the current municipality's capacity.

## **Committee Observations**

The Committee observed that the county functions in question have not yet been transferred to the municipality by the county executive.

## **Committee Recommendations**

The Committee recommends that-

- iii. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;
- iv. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;
- v. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and
- vi. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **5. Lack of internal audit function and risk management policy**

Management did not provide evidence of existence of internal audit functions such as internal audit report, internal audit charter and internal audit work plan. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets of the municipality. Further, the municipality did not have a risk management policy.

In the circumstances, the effectiveness of Internal controls and risk management in the Municipality could not be confirmed.

### **Management Response**

The management noted the auditor's observation and wishes to state that the municipality is a semi-autonomous entity with some of the functions being performed by the County

Executive. The County's Internal Audit Directorate planned to carry audit activities for the Municipality in the Financial Year 2024-2025 which were done and reports issued. Additionally, the municipality is currently implementing the County Executives' Risk Management Policy. Extracts of Internal Audit report, Internal Audit Work Plan 2024-2025, Internal Audit Charter, and a copy of Risk Management Policy were attached for the committee verification.

**Committee Observations**

The Committee observed that the management submitted the internal audit reports and audit committee minutes as evidence of the existence of an audit function in the municipality.

**Committee Recommendations**

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

### **2.3. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025.**

The Governor of Migori County, Hon. Dr. Ochilo George Ayacko, appeared before the Committee on Wednesday 28<sup>th</sup> January, 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Migori Municipality, for the Financial Year 2024/2025.

The Governor was accompanied by the following officers—

1. Ms. Mercy Sau - CECM Lands
2. CPA Mary Chabi - Accountant

### **REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered an **Unqualified Opinion** on the financial statements of the Migori Municipality on the following basis;-

#### **Emphasis of Matter**

##### **1. Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.84,001,318 and Kshs.20,754,300 respectively resulting to underfunding of Kshs.63,247,018 or 75% of the budget. Similarly, the Municipality expenditure amounted to Kshs.20,751,225 against the realised receipts of Kshs.20,754,300 resulting in full budget utilization.

In addition, the Municipality did not receive the budgeted funds for capital development of Kshs 62,861,322 resulting to under-funding of Kshs.62,861,322 or 100% of the budget.

In these circumstances, the underfunding may have impacted negatively on service delivery to the public.

#### **Management Response**

The management noted the auditor's observation and wishes to state that the under-funding is due to non-disbursement of KUSP grant of Kshs 54, 181,008 budgeted for in the financial year under review. The balance of Kshs 8.6million was meant to pay ongoing projects that were not yet completed by end of financial year. However, the projects have since been completed and paid.

#### **Committee Observations**

The Committee observed that the management suffered an underfunding of Kshs.63,247,018 or 75% of the budget, which was caused by late exchequer disbursement from the County Executive.

### **Committee Recommendations**

- i. compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. The Governor ensures that the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

### **2. Lack of Independence of the Municipality**

The Municipality was granted Municipal Charter on 28 December 2018, which was meant to grant operational independence from the County Government of Migori However, a review of the operations of the Municipality revealed lack of autonomy as the Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board. Further, the County Government has continued to perform functions which were deemed to have been transferred to the Municipality including payment of staff salaries, promotion, regulation and provision of refuse collection and solid waste management services and collection of revenue.

This is contrary to the provisions of section 12(1) of the Urban Areas and Cities Act, 2011 which states that the management of the municipality shall be vested in the County Government and administered on its behalf by a board constituted in accordance with the act; a manager appointed pursuant to section 28; and such other staff or officers as the county public service may determine and section 12(2) of the Act further provides that the board shall be a body corporate with perpetual succession and a common seal, and shall, in its corporate name, be capable of doing or performing all other acts or things for proper performance of its functions.

In the circumstance, effectiveness of service delivery to the public could not be confirmed.

## **Management Response**

The management noted the auditor's observation and wishes to state that the municipality is progressively gaining its independence on its operations through various ongoing activities. However, the said functions are yet to be transferred to the Municipality since its delegation is at the discretion of the County Government as Provided for in Sec 20 of Urban Area and Cities Act, 2011. Meanwhile the County government has put in in place a transition committee tasked with establishing the viable functions that can be performed taking into consideration the current municipality's capacity.

## **Committee Observations**

The Committee observed that the management indicated a progressive transfer of the functions.

## **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;**
- ii. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;**
- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- iv. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

### **3. Lack of Monitoring and Evaluation Framework and Reports**

The management did not provide project status reports on non-financial performance for each individual programmes undertaken by the Municipality. Further there is no documentary evidence provided indicating development and approval of the Monitoring and Evaluation Policy. This was contrary to the provisions of Regulation 129(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the county executive committee member responsible for matters relating to planning shall prescribe a framework for monitoring, evaluation and reporting, financial indicators which shall capture expenditures on the implementation of programmes and projects.

In the circumstances effective service delivery to the public could not be confirmed.

**Management Response**

The management noted the auditor’s observation and wishes to state that the municipality is a semi-autonomous entity with some of the functions being performed by the County Executive. The County has a fully operational Monitoring and Evaluation Department which performs monitoring activities for the municipality and issues report on status of the projects. Further, the Municipality implements the Migori County Monitoring and Evaluation Policy. Copies of the M&E Policy and an Extract of M&E report were availed for the Committee verification.

**Committee Observations**

The Committee observed that the management submitted the M&E Policy and an Extract of M&E report for verification.

**Committee Recommendations**

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

## **2.4. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR RONGO MUNICIPALITY FOR THE FINANCIAL YEAR 2024/2025.**

The Governor of Migori County, **Hon. Dr. Ochilo George Ayacko**, appeared before the Committee on Wednesday 28<sup>th</sup> January, 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Rongo Municipality, for the Financial Year 2024/2025.

The Governor was accompanied by the following officers-

1. Ms. Mercy Sau - CECM Lands
2. Mr. Benard Oluoch

### **REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered an **Unqualified Opinion** on the financial statements of the Rongo Municipality on the following basis:-

#### **1. Budget Control and Performance**

The Statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparison basis amounts of Kshs.53,736,623 and Kshs.30,717,785 respectively, resulting in under funding of Kshs.23,018,838 or 43% of the budget. Similarly, the Municipality Capital expenditure amounted to Kshs 8,515,905 against a budget of Kshs 31,316,634 resulting in Underperformance of Kshs 22,800,729 or 73% of capital budget.

The underfunding and underutilization may have impacted negatively on service delivery to the public.

#### **Management Response**

The management noted the Auditor's observation and wishes to state that the underfunding was due to late exchequer disbursement. In addition, the under-capital expenditure was due to non-implementation of Urban Development Grant projects amounting to Ksh. 16,800,000 which was not disbursed. Ksh. 6,219,392 was incurred for ongoing projects which have since been completed and yet to be paid.

#### **Committee Observations**

The Committee observed that the expenditure was not a transfer, but instead was incurred by the municipality, and its disclosure was included in a different page of the financial statements.

#### **Committee Recommendations**

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

## **2. Unresolved Prior Year Audit Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Municipality in 2024/2025 revealed that the following matters remained unresolved

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issues</b>	<b>Status</b>
1	2023/2024	Non-Compliance with the Prescribed Financial Reporting Framework	Resolved
2	2023/2024	Inaccuracies and Unsupported Amount in the Financial Statements	Resolved
3	2023/2024	Budgetary Control and Performance	Un-resolved
4	2023/2024	Failure to Transfer Functions to Rongo Municipality and Board	Un-resolved
5	2023/2024	Lack of Monitoring and Evaluation Framework and Reports	Un-resolved

### **Management Response**

The management will continuously resolve the issues raised in the Auditor General's report.

### **Committee Observation**

The Committee observed that the management failed to provide explanation on why it failed to address the prior year issues.

### **Committee Recommendations**

**The Committee recommends that —**

- i. the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

- ii. **the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.**

### **3. Failure to Transfer Functions to Rongo Municipality and Board**

The statement financial performance reflects Board Expenditure of Kshs Kshs.6,715,900. Rongo Municipality was given a charter in 2018 and subsequently a board was constituted. Review of the function of Rongo Municipality and the Board revealed that Gazette Notice No.2384 of 20 March 2020, followed by Gazette Notice 5172 of 17 November 2023 transferred the functions of overseeing the affairs of Rongo Municipality from the County Government of Migori. However, scrutiny of the operations of the Municipality revealed that most of its functions were still being performed by the County Government as evidenced by expenditure items in the statement of financial performance.

In these circumstances, service delivery to residents of Rongo Municipality could be adversely affected.

#### **Management Response**

The management noted the Auditor's observation and wishes to state that the municipality is progressively gaining its independence on its operations. Currently the management is in consultation with the National Treasury – IFMIS Section to have the municipality of Rongo configured to have a Special Purpose Account (SPA) to enable direct payments by the municipality.

#### **Committee Observations**

The Committee observed that the municipality is progressively gaining independence on its management and financial operation.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. **within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;**
- ii. **the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46**

(financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;

- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and
- iv. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.

#### **4. Failure to Collect Own Generated Revenue**

The statement of financial performance indicates that the Municipality was financed solely through revenue allocated by the County Government, contrary to Section 172(a) of Public Finance Management Act, 2012, which states that ‘an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising measures which is retained by the urban area’. Further, conferment of municipal status may have been made without satisfying the criterion of demonstrable revenue collection or revenue collection potential, contrary to the provision of Section 9(3)(c) of the Urban Areas and Cities Act, 2011. As a result, the Municipality may not achieve its objectives and goals as outlined in the Charter.

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

#### **Management Response**

The management noted the Auditor’s observation and wishes to state that, revenue collection function has not been transferred to the Municipality since its delegation is at the discretion of the County Government as Provided for in Sec 20 (1) (m) of Urban Area and Cities Act, 2011. In addition, the County Assembly enacted a legislation that created a Revenue Authority Board which is mandated to collect all County revenue in accordance with Migori County Revenue Administration Act, 2023 and the Public Finance Management Act. Extracts of Urban Area and Cities Act, 2011, and Migori County Revenue Administration Act, 2023 were attached for the Committee verification.

#### **Committee Observations**

The Committee observed that the County executive still collects on behalf of the municipality.

#### **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;
- ii. the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;
- iii. the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and
- iv. the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.**

### **5. Weak Internal Audit Function**

Our audit review revealed that the internal audit function of the County Executive issued only one report in the year under audit, covering the Rongo Municipality operations. This was contrary to Regulation 166(1) and (2) of the Public Finance Management (County Governments) Regulations, 2015, which states that the head of internal audit unit shall prepare quarterly internal audit reports which shall cover areas provided for in guidelines and shall be in a format issued by the Cabinet Secretary.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

### **Management Response**

The management has noted the auditor's observation and wishes to state that the municipality is a semi-autonomous entity with some of the functions being performed by the County Executive. The internal audit Directorate planned to carry out two quarter audit activities in the Financial Year 2024-2025 which were done and reports issued. Further, at the time of audit the Audit committee was yet to discuss the report which was scheduled

for in the first Quarter 2025-2026 and this has since been done and the recommendations issued for management action. An Extract of Audit Committee minutes.

### **Committee Observations**

**The Committee observed that the management submitted two internal audit reports and minutes of the Audit Committee meetings as evidence of existence of an internal audit function.**

### **6. Unimplemented Staff Establishment**

Review of the staff establishment of the Rongo Municipality established that optimal staffing level was thirteen (13) staff for various posts. However, the year under review three (3) staff were in-post which includes the municipal manager, the accountant and the office messenger while remaining required ten (10) positions such as registered physical planner, registered engineer, environment officer, social development officer, land surveyor, procurement officer, human resource officer, quantity surveyor, development control officers and support staff where yet to be filled from County departments. This is contrary to Section B 6(3) of the County Public Service Human Resource Manual, 2013 which states that in the recruitment process, due consideration will be given to appropriate organizational structure in each department, optimal staffing levels, schemes of service and career progression guidelines.

In the circumstances, the effectiveness of human resources management could not be confirmed.

### **Management Response**

The management noted the auditor's observation and wishes to state that currently we have employed additional staffs through the office of Migori County Public Service Board and we will continue to address the gaps within the staff establishment progressively as the municipality continues to gain its independence on its operations through various ongoing activities. Sample Letters of Employment were attached for the Committee verification.

### **Committee Observations**

The Committee observed that the Municipality still depended on the County executive in recruiting crucial staff in the municipality.

### **Committee Recommendations**

**The Committee recommends that-**

- i. within sixty (60) days of the adoption of this report, the Board of the Municipality ensures the Integrated Development and Economic Plan and the Integrated Strategic Urban Development Plan (ISUDP) for the**

**Municipality is put in place in line with section 20(1)(c) of the Urban Areas and cities Act, Cap.275;**

- ii. **the Governor takes all the necessary steps to ensure the Municipality achieves full operational independence in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, cap.275 and the Auditor General to verify the implementation of this recommendation in the next audit cycle;**
- iii. **the Governor should ensure by the commencement of the financial year 2026/2027 that the municipality is fully operationalized in line with its delegated functions as gazetted by the county government; and**
- iv. **the municipality is adequately funded in accordance with section 172 of Public Finance Management Act, 2012 and the Auditor to keep this matter in view and report in the subsequent audit cycle.**

#### **7. Failure to Achieve Strategic Priorities by the Municipality**

Review of strategic goals as stipulation in Rongo Municipality project implementation report, reflects that three priorities projects involving construction of non-motor (NMTs) facilities, completion of Rongo Recreational Park Phase II and Pear learning event Report were not achieved at the end of the year.

In the circumstances, the effectiveness of governance in the Municipality could not be ascertained.

#### **Management Response**

The Management noted the Auditors' observation and wishes to state that the completion of Rongo Recreational Park Phase II was halted due to an on-going court litigation on land ownership. In addition, we were not able to achieve the strategic priorities as a result of unrealized funds that were expected from Urban Development Grant. Copies of the letter from the Commission of Administrative Justice.

#### **Committee Observations**

The Committee observed that the management was experiencing financial constraints, and that the court case has led to stalling of the Rongo Recreational Park Phase II.

#### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps the matter on check and report to the Senate on its progress in the subsequent Financial Year Audit.**

## **CHAPTER THREE: HOSPITALS**

### **3.1.REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI HOSPITALS FOR THE FINANCIAL YEAR 2024/2025.**

#### **REPORT ON THE FINANCIAL STATEMENTS**

In accordance with Article 229(4) of the Constitution as read together with section 7(1) of the Public Audit Act, Cap. 412B, during the period under review, the Auditor-General audited the financial statements of various hospitals in Migori County. Consequently, and in accordance with Article 229(7) of the Constitution as read together with section 32(1) of the Act submitted the following reports to the Senate-

1. Awendo Sub-County Hospital
2. Isibania Sub-District Hospital
3. Karungu Sub-County Hospital
4. Kegonga Sub County Hospital
5. Macalder Sub-County Hospital
6. Migori County Referral Hospital
7. Muhuru Sub-County Hospital
8. Ntimaru Sub County Hospital
9. Nyamaraga Sub County Hospital
10. Othoro Sub County Hospital
11. Oyani Sub County Hospital
12. Rongo Sub County Hospital
13. Uriri Sub County Hospital

#### **Committee Observations**

The Committee takes note of the queries raised by the Auditor-General in these reports.

#### **Committee Recommendations**

##### **The Committee recommends that-**

- i. **the Governor through the respective accounting officers ensures that appropriate remedial actions are taken to address the issues raised in the Auditor-General's report on the financial statements for the afore-mentioned hospitals for the Financial Year 2024/2025 and submit a report to the Senate within 30 days of the adoption of this report and a copy to the Auditor-General; and**
- ii. **the Auditor-General to keep the matter in view in the subsequent audit cycle.**

## CHAPTER FOUR: FUNDS

### 4.1.REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI COUNTY WARD DEVELOPMENT FUND FOR THE FINANCIAL YEAR 2024/2025.

The Committee received written management responses to the following queries raised in the reports of the Auditor-General on the financial statement for Funds in Migori County Ward Development for the Financial year 2024/2025.

#### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of the Migori County Ward Development Fund on the following basis;-

#### Unresolved Prior Year Matters

In the audit report for the previous year, seven (7) audit issues were raised under Report of the Financial Statements, Report of Lawfulness and Effectiveness in Use of Public Resources and Report of Effectiveness of Internal Controls, Risk Management and Governance.

Four (4) of the audit issues remained unresolved as at 30 June 2025 and have not been included in the Progress on Follow-Up of Prior Year Auditor's Recommendations section of the financial statements. Further, although three (3) prior year audit matters are indicated as having been resolved, evidence of how they were resolved was not provided for audit.

#### Management Response

The management noted the auditor's observation and wishes to affirm its commitment to ensuring that all outstanding issues are progressively addressed. The implementation status is hereby provided in the table below

S/No	Issue/ Observation from the Auditor	Status
1	Budgetary Control and Performance	Management has procured an online bursary portal which will reduce the processing period thus ensuring there are no unspent funds at the end of the financial year
2	Underfunding of the Ward Fund	The Migori County Ward Development Fund Act has elapsed and the management shall enact a legislation which shall separate community projects from bursary and scholarship.

3	Failure to adhere to Fiscal Responsibility Principle	The management has adhered to fiscal responsibility in the current financial year
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**Committee Observations**

The Committee observed that the management is progressively addressing the prior year issues.

**Committee Recommendations**

The Committee recommends that —

- i. the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and
- ii. the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.

**1. Failure to Meet the Objectives of the Fund**

As reported in the previous year, a historical review of the Fund’s operations revealed that the Funds activities have been restricted to issuance of bursaries since inception, ignoring the eradication of poverty and development at the ward level, contrary to Section 3 of the Migori County Wards Development Act, 2014, which stipulates that the object and purpose of this Act is to ensure that a specific portion of the county annual budget is devoted to the Wards for purposes of development and in particular eradication of poverty at the Ward level.

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

**Management Response**

The management noted the auditor’s observation and wishes to state that the Migori County Ward Development Fund Act, 2014 has elapsed and the management shall enact a legislation which shall separate community projects from bursary and scholarship.

**Committee Observations**

The Committee observed that the fund's enabling Act has elapsed.

**Committee Recommendations**

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

**2. Weak Controls Over Cash and Bank Management**

The statement of financial position reflects cash and cash equivalents balance of Kshs.60,881. However, during the year under review, the cash book and bank reconciliation statements were not being reviewed by a senior accountant.

In the circumstances, the effectiveness of internal controls on cash and cash equivalents management could not be confirmed.

**Management Response**

The management noted the auditor's observation and wishes to state that in compliance with the auditor's recommendation, a senior accountant with a clear mandate to oversee and review the Fund's cashbook and bank reconciliations will be appointed when the new legislation comes into force.

**Committee Observations**

The Committee observed that the management is committed to appoint an officer with a specific mandate of managing the funds cashbook and back reconciliations, after the new enabling legislation comes to force.

**Committee Recommendations**

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

## **4.2. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI COUNTY EXECUTIVE CAR LOAN AND MORTGAGE FUND FOR THE FINANCIAL YEAR 2024/2025.**

The Committee received written management responses to the following queries raised in the reports of the Auditor-General on the financial statement for Funds in Migori County Executive Car Loan and Mortgage Fund for the Financial year 2024/2025.

### **REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered a **Unqualified Opinion** on the financial statements of the Migori County Executive Car Loan and Mortgage on the following basis:-

#### **1. Lack of Fund Administration Agreement**

Migori County Executive Car Loan and Mortgage Fund appointed Diamond Trust Bank to assist in the administration of the Fund. However, the appointment letter or agreement describing their duties, responsibilities and terms of engagement was not provided for audit review.

In the circumstances, the legality of the engagement could not be confirmed.

#### **Management Responses**

The management noted the auditors' observation and wishes to provide the Appointment letter of the Administrator and the legal notice establishing the fund for audit review. Copies of the Fund Administration Agreement was attached for the Committee verification.

#### **Committee Observations**

The Committee observed that the management failed to submit documents for audit review during the audit process.

#### **Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 47 of the Public Audit Act as read together with section 149(2)(k) of the Public Finance Management Act failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

#### **4.3. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI COUNTY CLIMATE FUND FOR THE FINANCIAL YEAR 2024/2025.**

The Committee received written management responses to the following queries raised in the reports of the Auditor-General on the financial statement for Migori County Climate Fund for the Financial year 2024/2025.

##### **REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered an **Unqualified Opinion** on the financial statements of the Migori County Climate Fund on the following basis:-

##### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis amounts of Kshs.782,933,186 and Kshs.410,008,814 respectively, resulting in underfunding of Kshs.372,924,372 or 48% of the budget. The underfunding affected planned activities and may have impacted negatively on the financing priority change programs, projects and activities for the residents of Migori County.

##### **Management Response**

The management noted the auditors' observation and wishes to state that the underfunding was due to non-disbursement of the allocated funds for the FY 2024/2025, gazetted on 18<sup>th</sup> July 2025 by the National Treasury. The funds received during the year under review were rollover for the FY 2023/2024 of Ksh 399,008,814 and CCIS Grant of Ksh 11,000,000 which was part of the budget. Therefore, the planned activities for the year were not executed. A copy of the Gazette Notice by National Treasury on the County Government additional allocations act for financial year 2024/2025 was attached for the Committee verification.

##### **Committee Observations**

The Committee observed that the fund suffered an underfunding of Kshs.372,924,372 or 48% of the budget caused by late disbursement of funds from the National Treasury to the County Treasury.

##### **1. Lack of Approved Information Communication Technology (ICT) Security Policy and Recovery Plan**

The Fund developed and implemented a Management Information System at a cost of Kshs.2,999,900. However, there was no approved ICT, Data Recovery Plan (DRP) and ICT Security Policy. Further, the Management had not installed antivirus programs in its

systems and did not have mechanisms for ensuring that there was up-to-date security on the systems software.

In addition, the Fund did not have an IT Steering Committee, a disaster recovery plan, a backup and retention strategy to ensure continuity of operations in case there were systems failure.

It was further noted that Regular review and risk assessment of the operational areas were not conducted. As a result, the system users may not be guided by procedures to follow in order to minimize risk of errors or loss of data, integrity and availability.

In the circumstances, the effectiveness of the Fund's ICT controls, risk management and governance processes could not be confirmed. In addition, the recoverability of information in an event of a disaster could not be confirmed.

### **Management Response**

The Management noted the auditors' observation and wishes to state that Migori County has developed a comprehensive ICT Security Policy that outlines the framework for safeguarding the County's ICT infrastructure and information assets. The draft ICT Data Recovery Plan (DRP) and ICT Security Policy is under consideration by Cabinet for approval.

### **Committee Observations**

The Committee observed that the management developed the ICT Security Policy and is currently under consideration by the Cabinet and awaiting approval by the County Assembly.

### **Committee Recommendation**

**The Committee recommends that the Governor ensures that the Accounting Officer fast -tracks the approval of the policy for use in the fund management.**

#### **4.4. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE FINANCIAL YEAR 2024/2025.**

The Committee received written management responses to the following queries raised in the reports of the Auditor-General on the financial statement for Funds in Migori County Alcoholic Drinks Funds for the Financial year 2024/2025.

#### **REPORT ON THE FINANCIAL STATEMENTS**

The Auditor-General rendered an Unqualified Opinion on the financial statements of the Migori Alcoholic Drinks Control Fund on the following basis:-

##### **1. Budget Control and Performance**

The Statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparison basis amounts of Kshs.9,000,000 and Kshs.7,487,621 respectively, resulting in under collection of Kshs.1,512 379. Similarly, the statement reflects expenditure budget of Kshs.9,000,000 and actual on comparable basis amount of Kshs.4,459,312, resulting in an under expenditure of Kshs.4,540,688 or 50% of the budget.

Further, the fund spent only Kshs.4,459,312 out of the actual receipts of Kshs.7,487,621, resulting in an under-utilization of Kshs.3,028,309 or 40% of the actual receipts.

The underfunding and underutilization may have impacted negatively on service delivery to the public.

##### **Management Response**

The under-collection of Kshs.1,512,379 occurred mainly due to most liquor businesses closing down occasioned by harsh economic times and the insecurity situation in the County. Further, during the same period, the Migori County Bars and Hotel Owners Association (MICOBAH) lodged a petition raising concerns on licensing, enforcement, and compliance. This prompted many bar owners to withhold payments pending resolution of their grievances, further depressing revenues. A copy of the Petition by the Migori County Bars and Hotel Owners Association (MICOBAH) was attached for the verification.

Consequently, the under-expenditure of Kshs.4,540,688 (50%) was due to reduced sittings for the Board Members as the management pursued to resolve the petition from MICOBAH. Management is confident that once the petition is resolved, the collection and absorption rates will drastically improve in subsequent financial periods.

##### **Committee Observations**

The Committee observed that the fund suffered an under-collection of Kshs.1,512 379, expenditure of Kshs.4,540,688 or 50% of the budget and under-utilization of Kshs.3,028,309 or 40% of the actual receipts caused by bar owners withholding payments awaiting a court resolution on a petition they had lodged.

### **Committee Recommendations**

**The Committee recommended that**

- i. the Governor ensures compliance with section 149(2) (h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. The Governor ensures that the Accounting Officer complies with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

### **2. Unresolved Prior Year Matters**

In the prior years’ audit reports, an issue was raised under the report of lawfulness and effectiveness in use of public resources on failure to establish treatment and rehabilitation facilities and programs. Review of the status during audit of the fund in 2024/2025 revealed that the matter remained unresolved.

### **Management Response**

The management noted the auditor’s observation and wishes to affirm its commitment to ensuring that all outstanding issues are progressively addressed. The implementation status is hereby provided in the table below.

<b>S/No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>	<b>Remarks</b>
1	2023/2024	Failure to establish a rehabilitation facility and programs	The matter has not been addressed. However, the management has allocated Ksh 1.4 million in

S/No.	Financial Year	Audit Issue	Remarks
			FY2025/2026 for construction of the rehabilitation Centre phase 1.
2	2023/2024	Unsupported fine, penalties and other levies	The matter was addressed and confirmed By the Auditors in June 30,2025

### **Committee Observations**

The Committee recommends that the management is progressively addressing the previous year audit issues.

### **Committee Recommendations**

The Committee recommends that —

- i. **the Governor ensures that the Accounting Officer resolves all outstanding prior year audit matters as required by Section 149(2)(I) of the Public Finance Management Act, Cap.412A, failure to which the provisions of Section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- ii. **the Governor ensures that the Accounting Officer submits a comprehensive status report on all mitigation measures taken to resolve all prior year matters, to the Senate and copies the Auditor-General for verification within 90 days of the adoption of this report.**

### **3. Failure to Establish Treatment and Rehabilitation Facilities and Programs**

As previously reported, management did not establish treatment and rehabilitation facilities and programs to promote cessation and rehabilitation for persons dependent on alcoholic drinks in the County. This is contrary to the provision of Section 5 (1) (a) of the Migori County Alcoholic Drinks Control Act, 2016.

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

### **Management Response**

The Department of Trade is in the process of establishing a rehabilitation facility and the following has been done:

1. Setting up of the Sub County Alcoholic Drinks Regulation committee and the County Alcoholic Drinks Regulations Administrative Review committee as per part III section 10 (1-10) of Migori County Alcoholic Act.
2. Development of the design for an Alcoholic Treatment and Rehabilitation Centre
3. The management has budgeted for Ksh. 1.4m in the Financial Year 2025/2026 to cater for the development of a Rehabilitation Treatment Centre.

Copies of the Minutes and correspondences relevant to establishment of Rehabilitation Centre, Structural Design for the Rehabilitation Centre, Supplementary 1 Budget Extract for FY 2025/2026 were submitted for verification.

#### **Committee Observations**

The Committee observed that the management submitted documentary evidence to show that it is in advanced stages of establishing rehabilitation facility and programs.

#### **Committee Recommendations**

**The Committee recommends that the Auditor General keeps the matter on check and report to the Senate on its progress, in the subsequent audit cycle.**

# ANNEXTURES

*Minutes of the Committee*



## 13<sup>TH</sup> PARLIAMENT 5<sup>TH</sup> SESSION

### MINUTES OF THE FIFTY THIRD SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE HELD ON MONDAY, 30<sup>TH</sup> MARCH 2026 HELD ON ZOOM PLATFORM AT 10.00 A.M.

#### PRESENT

- |  |                    |
|--|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP | - Chairperson      |
| 2. Sen. Eddy Gicheru Oketch, MP        | - Vice-Chairperson |
| 3. Sen. Agnes Kavindu Muthama, MP      | - Member           |
| 4. Sen. Peris Pesi Tobiko, CBS, MP     | - Member           |
| 5. Sen. Hamida Ali Kibwana, MP         | - Member           |

#### ABSENT WITH APOLOGY

- |                                      |          |
|--------------------------------------|----------|
| 6. Sen. William Kisang' Kipkemoi, MP | - Member |
| 7. Sen. Beth Kalunda Syengo, MP      | - Member |
| 8. Sen. Raphael Chimera Mwinzagu, MP | - Member |
| 9. Sen. George Mungai Mbugua, MP     | - Member |

#### SECRETARIAT

- |                       |                        |
|-----------------------|------------------------|
| 1. Mr. Yussuf Shimoy  | - Clerk Assistant I    |
| 2. Mr. Erick Kimani   | - Clerk Assistant II   |
| 3. Mr. Godfrey Nyaga  | - Clerk Assistant III  |
| 4. Mr. Jeremy Chabari | - Senior Legal Counsel |
| 5. Mr. Peter Katana   | - Research Officer     |
| 6. Ms. Hamun Mohamud  | - Research Officer     |
| 7. CPA Keneddy Owuoth | - Fiscal Analyst       |
| 8. Mr. Victor Kimani  | - Audio officer        |

#### MIN. NO. SEN/CPICSF/382/2026 PRAYER

The meeting was called to order by the Chairperson at twenty-five minutes past ten O'clock in the morning followed by a word of prayer.

#### MIN. NO. SEN/CPICSF/383/2026 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed Sen. Eddy Gicheru Oketch, MP and seconded by Sen. Hamida Ali Kibwana, MP as follows –

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

**MIN. NO. SEN/CPICSF/384/2026      CONSIDERATION AND ADOPTION OF REPORTS**

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

1. Kajido County

- I. Oololaiser Water and Sewerage Company Limited
- II. Nol-Turesh Loitokiok Water and Sanitation Company Limited
- III. Olkejuado Water and Sewerage Company Limited
- IV. Kajido County Referral Hospital
- V. Imbirikani Level 4 Hospital
- VI. Ngong Level 4 Hospital
- VII. Kitengela Sub-County Hospital
- VIII. Ongata Rongai Sub-County Hospital
- IX. Kajido County Emergency Fund
- X. Kajido County Alcoholic Drinks Control Fund
- XI. Kajido County Climate Change Fund
- XII. Kajido County Disability Mainstreaming Fund
- XIII. Kajido County Education Bursary Grants and Scholarship Fund
- XIV. Kajido County Youth and Women Enterprise Fund
- XV. Kajido County Emergency Fund

2. Kiambu County

- I. Gatundu Water and Sewerage Company
- II. Githunguri Water and Sanitation Company
- III. Karuri Water and Sanitation Company
- IV. Kiambu Water & Sanitation Company
- V. Limuru Water and Sewerage Company
- VI. Ruiru-Juja Water & Sewerage Company
- VII. Thika Water and Sewerage Company
- VIII. Karuri Municipality
- IX. Kiambu Municipality
- X. Kikuyu Municipality

- XI. Limuru Municipality
- XII. Ruiru Municipality
- XIII. Thika Municipality
- XIV. Gatundu Level 5 Hospital
- XV. Igegania Sub-County Hospital
- XVI. Karuri Level 4 Hospital
- XVII. Kigumo Level 4 Hospital
- XVIII. Kihara Sub County Hospital
- XIX. Lari Hospital
- XX. Lusigetti Sub- County Hospital
- XXI. Nyathuna Level 4 Hospital
- XXII. Ruiru Sub-County Hospital
- XXIII. Tigoni Sub County Hospital
- XXIV. Wangige Sub County Hospital
- XXV. Kiambu County Referral Hospital
- XXVI. Thika Level 5 Hospital
- XXVII. Kiambu County Executive Emergency Fund
- XXVIII. Kiambu County Alcoholic Drinks Control Fund
- XXIX. Kiambu County Climate Change Fund,
- XXX. Kiambu County Executive Bursary Fund
- XXXI. Kiambu County Fif Fund
- XXXII. Kiambu County Jiinue Fund

### 3. Homabay

- I. Homa Bay County Water and Sanitation Company Ltd (Homawasco)
- II. Municipality Of Homa Bay
- III. Municipality Of Kendu Bay
- IV. Municipality Of Mbita
- V. Municipality Of Ndhiwa
- VI. Municipality Of Oyugis
- VII. Homa Bay County Teaching and Referral Hospital
- VIII. Kabondo Sub-County Hospital
- IX. Kandiege Sub-District Hospital
- X. Kendu Sub-District Hospital
- XI. Kisegi Sub-District Hospital
- XII. Magunga Level Iv Hospital
- XIII. Makongeni L4
- XIV. Malela Level 4 Hospital
- XV. Marindi Sub County Referral Hospital
- XVI. Ndhiwa Sub County Hospital
- XVII. Nyandiwa Level Iv Hospital
- XVIII. Nyangiela Sub District
- XIX. Ogongo Level 4 Hospital
- XX. Pala Level 4 Hospital

- XXI. Rachuonyo District Hospital
- XXII. Rangwe Sub-District Hospital
- XXIII. Sena Level 4 Hospital
- XXIV. Suba North Sub-County Hospital
- XXV. Suba Sub-County Hospital
- XXVI. Tom Mboya Memorial Level 4 Hospital
- XXVII. Homa Bay County Mortgage & Car Loan Executive Fund
- XXVIII. Homa Bay County Alcoholic Drink Control Board
- XXIX. Homa Bay County Bursary Fund

#### 4. Migori

- I. Migori Water and Sewerage Company
- II. Awendo Municipality
- III. Kehancha Municipality
- IV. Migori Municipality
- V. Rongo Municipality
- VI. Awendo Sub-County Hospital
- VII. Isibania Sub-District Hospital
- VIII. Karungu Sub-County Hospital
- IX. Kegonga Sub County Hospital
- X. Macalder Sub-County Hospital
- XI. Migori County Referral Hospital
- XII. Muhuru Sub-County Hospital
- XIII. Ntimaru Sub County Hospital
- XIV. Nyamaraga Sub County Hospital
- XV. Othoro Sub County Hospital
- XVI. Oyani Sub County Hospital
- XVII. Rongo Sub County Hospital
- XVIII. Uriri Sub County Hospital
- XIX. Migori County Ward Development Fund.
- XX. Migori County Executive Car Loan and Mortgage Fund
- XXI. Migori County Climate Change Fund.
- XXII. Migori County Alcoholic Drinks Control Fund
- XXIII. Migori County Ward Development Fund.

#### 5. Kisii

- I. Gusii Water and Sanitation Company Limited (Gwasco/Kwasco)
- II. Kisii Municipality
- III. Etago Sub-County Hospital
- IV. Gesusu Sub-County Referral Hospital
- V. Gucha Sub County Referral Hospital
- VI. Ibacho Sub-County Hospital
- VII. Ibeno Sub-County Referral Hospital
- VIII. Iranda Sub County Referral Hospital

- IX. Kisii County Health Facilities Improvement Fund
- X. Fund, Kisii Demonstration Farms Fund
- XI. Kisii County Emergency Fund
- XII. Kisii Mortgage & Car Loan (Executive) Fund
- XIII. Kisii County Climate Change Fund
- XIV. Kisii County Bursary Fund
- XV. Kisii County Covid-19 Emergency Fund
- XVI. Kisii County Veterinary Services Development

#### 6. Machakos

- I. Mavoko Water and Sanitation Company Limited (Mavwasco)
- II. Machakos Municipal Water and Sewerage Company Limited (Macwasco)
- III. Mwala Water and Sanitation Company Limited
- IV. Matungulu Water and Sewerage Company (Makawasco)
- V. Kathiani Water and Sanitation Company Limited
- VI. Yatta Water Services Company Limited (Yawasco)
- VII. Mavoko Municipality
- VIII. Machakos Municipality
- IX. Kangundo/Tala Municipality
- X. Kalama Level 4 Level 4 Hospital
- XI. Kangundo Sub-County Hospital Level 4 Hospital
- XII. Kathiani Sub-County Hospital Level 4 Hospital
- XIII. Kimiti Level 4 Hospital Level 4 Hospital
- XIV. Masinga Sub-County Hospital Level 4 Hospital
- XV. Matuu District Hospital Level 4 Hospital
- XVI. Mavoko Level 4 Hospital Level 4 Hospital
- XVII. Mutituni Level 4 Hospital Level 4 Hospital
- XVIII. Mwala Subcounty Hospital Level 4 Hospital
- XIX. Ndithini Level 4 Hospital Level 4 Hospital
- XX. Machakos County Referral Hospital Level 5 Hospital
- XXI. Machakos County Bursary Fund
- XXII. Machakos County Emergency Fund
- XXIII. Machakos County Executive and Chief Officers Car Loan and Mortgage Scheme

#### 7. Baringo

- I. Kirandich Water and Sanitation Company Limited
- II. Eldama Ravine Water and Sewerage Company Limited (Erawasco)
- III. Chemususu Water Company Limited
- IV. Municipality Of Kabarnet
- V. Marigat Sub-County Level 4 Hospital
- VI. Kabartonjo Level 4 Hospital

- VII. Baringo County Referral Hospital
  - VIII. Eldama Ravine Level 4 Hospital
  - IX. Chemolingot Level 4 Hospital
  - X. Baringo County Executive Car Loan Scheme Fund
  - XI. Baringo County Executive Mortgage Scheme Fund
  - XII. Baringo County Emergency Fund
  - XIII. Baringo Cooperative Development Fund
  - XIV. Baringo County Bursary and Scholarship Fund,
  - XV. Baringo County Climate Change Fund,
  - XVI. Baringo County Micro and Small Enterprises Fund And
  - XVII. Baringo County Community Conservation Fund
8. Isiolo
- I. Isiolo Municipality
  - II. Isiolo County Referral Hospital
  - III. Financing Locally-Led Climate Action Programme (Flloca)
  - IV. Isiolo County Education Bursary Fund
9. Busia
- I. Busia Water and Sewerage Services Company Limited
  - II. Busia Municipality
  - III. Malaba Municipality
  - IV. Alupe Sub County Hospital
  - V. Busia County Referral Hospital
  - VI. Teso North Sub County Hospital
  - VII. Nambale Sub County Hospital
  - VIII. Busia Agricultural Development Fund
  - IX. Busia County Alcoholic Drinks Control Fund
  - X. Busia County Climate Change Fund
  - XI. Busia County Cooperative Enterprise Development Fund
  - XII. Busia County Public (Officers) Revolving Fund
10. Kakamega
- 1. Kakamega County Water and Sewerage Company Limited
  - 2. Kakamega County Rural Water and Sewerage Company Limited
  - 3. Mumias Municipality
  - 4. Kakamega Municipality
  - 5. Navakholo Sub- County Hospital
  - 6. Malava Sub- County Hospital
  - 7. Matungu Sub- County Hospital
  - 8. Butere County Hospital
  - 9. Kakamega County Referral Hospital
  - 10. Manyala Sub- County Hospital
  - 11. Kakamega County Climate Change Fund

12. Kakamega County Alcoholic Drinks Control Fund
13. Kakamega County Emergency Fund
14. Kakamega County Investment and Development Agency

11. Bungoma

- I. Bungoma Water and Sewerage Company Limited.
- II. Bungoma Municipality
- III. Kimilili Municipality
- IV. Bungoma County Referral Hospital
- V. Bumula Sub-County hospital
- VI. Kimilili Sub-County Hospital
- VII. Mt. Elgon Sub-County Hospital
- VIII. Bursary Fund
- IX. Climate Change Fund
- X. Disaster And Emergency Management Fund
- XI. Persons With Disabilities Empowerment Fund
- XII. Trade Development Loan Fund
- XIII. Youth And Women Empowerment Fund

12. Kitui

- I. Kitui Water and Sanitation Company
- II. Kiambere wingi Water and Sanitation Company
- III. Kitui County Referral Hospital
- IV. Mutomo Sub-County Hospital
- V. Mwingi Level 4 Hospital
- VI. Ikanga Sub-County Hospital
- VII. Tseikuru Sub-County Hospital
- VIII. Kitui County Textile Center
- IX. Kitui County Empowerment Fund

13. Siaya

- I. Sibo Water and Sanitation Company Ltd
- II. Bondo Municipality
- III. Siaya Municipality
- IV. Ugunja Municipal Board
- V. Ambira Level 4 Hospital
- VI. Bondo Level 4 Hospital
- VII. Got Agulu Sub County Level Hospital
- VIII. Siaya County Referral Hospital
- IX. Siaya County Bursary Fund
- X. Siaya County Climate Change Fund

#### 14. Laikipia

- I. Nyahururu Water and Sanitation Company Limited
- II. Nanyuki Water and Sanitation Company
- III. Municipality Of Nanyuki
- IV. Municipality Of Rumuruti
- V. Nanyuki Teaching and Referral Hospital
- VI. Doldol Level 4 Hospital
- VII. Rumuruti Sub-County Hospital
- VIII. Nyahururu County Referral Hospital
- IX. Emergency Fund
- X. Bursary Fund
- XI. Assets Leasing Fund
- XII. Business Stimulus Fund
- XIII. Climate Change Fund - Flloca
- XIV. Laikipia County Cooperative Fund.
- XV. County Revenue Board
- XVI. County Development Authority

#### 15. Turkana

- I. Lodwar Water and Sanitation Company Limited
- II. Kakuma Municipality
- III. Lodwar Municipality
- IV. Lodwar County Referral Hospital
- V. Lokiatung Sub-County Level 4 Hospital
- VI. Lopiding Sub-County Level 4 Hospital
- VII. Turkana County Executive Car Loan and Mortgage Fund
- VIII. Turkana County Climate Change Fund
- IX. Turkana County Co-Operative Development Enterprise Fund
- X. Turkana County Education Fund
- XI. Turkana County Emergency Fund

#### 16. Narok

- I. Narok Water and Sewerage Services Company Limited (Narwassco)
- II. Kilgoris Municipality
- III. Narok Municipality
- IV. Narok County Referral Hospital
- V. Maasai Mara Community Support Fund
- VI. Alcoholics Drinks Regulation and Control Fund
- VII. Bursary Management Fund

#### 17. Uasin Giishu

- I. Eldoret Water and Sanitation Company Limited (Eldowas)
- II. Municipality Of Eldoret (Now City of Eldoret)

- III. Huruma Level 4 Hospital
- IV. Turbo Level 4 Hospital
- V. Uasin Gishu District Hospital
- VI. Mortgage And Car Loans Scheme Fund
- VII. Alcoholic Drinks Control Fund
- VIII. Cooperative Enterprise Development Fund
- IX. Education Revolving Fund
- X. Bursary And Skills Development Support Fund

18. Nairobi

- I. Nairobi City Water and Sewerage Company Limited
- II. Bahati Level 4 Hospital
- III. Mutuini Dagoretti Level 4 Hospital
- IV. Mama Margaret Uhuru Level 5 Hospital
- V. Mbagathi County Referral Hospital
- VI. Mama Lucy Kibaki-Level 5 Hospital
- VII. Nairobi City County Alcoholic Drinks Control and Licensing Board

19. Meru

- I. Meru Water and Sewerage Services Company (Mewass)
- II. Meru County Rural Water and Sanitation Company (Mcwsc)
- III. Meru Municipality
- IV. Maua Municipality
- V. Meru Teaching and Referral Hospital (Mtrh)
- VI. Miathene Sub-County Hospital
- VII. Nyambene Sub-County Hospital
- VIII. Meru County Revenue Board (Mcrb)

20. Trans-Nzoia

- I. Trans Nzoia Water and Sewerage Company Limited.
- II. Kitale Municipality
- III. Kitale County Referral Level 4 Hospital
- IV. Wamalwa Kijana Teaching and Referral Hospital
- V. Trans Nzoia County Climate Change Fund
- VI. Trans Nzoia County Nawiri Fund
- VII. Trans Nzoia County Youth and Women Development Fund
- VIII. Trans Nzoia County Elimu Bursary Fund
- IX. Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund

21. Nakuru

- I. Nakuru Water and Sanitation Company Limited
- II. Nakuru Rural Water and Sanitation Company Limited
- III. Naivasha Water and Sanitation Company Limited

- IV. Gilgil Municipality
- V. Molo Municipality
- VI. Nakuru City
- VII. Naivasha Municipality
- VIII. Nakuru County Referral And
- IX. Teaching Hospital
- X. Naivasha Sub-County Level 4 Hospital
- XI. Gilgil Sub-County Level 4 Hospital
- XII. Nakuru County Bursary Fund
- XIII. Nakuru County Climate Change Fund
- XIV. Nakuru County Emergency Fund

## 22. Kilifi

- I. Kilifi Municipality
- II. Malindi Municipality
- III. Mariakani Municipality
- IV. Mtwapa Municipality
- V. Watamu Municipality
- VI. Kilifi County Climate Change Fund
- VII. Kilifi County Emergency Fund
- VIII. Kilifi County Health Services Improvement Fund
- IX. Kilifi County Microfinance (Wezesha) Fund/board
- X. Kilifi County Ward Scholarship Fund
- XI. Bamba Sub-County Hospital
- XII. Gede Sub County Hospital
- XIII. Jibana Sub District Hospital
- XIV. Kilifi County Hospital
- XV. Malindi District Hospital
- XVI. Marafa Sub County Hospital
- XVII. Mariakani District Hospital
- XVIII. Mtwapa Sub County Hospital
- XIX. Rabai Sub County Hospital
- XX. Kilifi Mariakani Water and Sewerage Co.
- XXI. Malindi Water and Sewerage Co.
- XXII. Kilifi County Assembly Members Mortgage and Car Loan Scheme Fund
- XXIII. Kilifi County Car Loan and Mortgage Scheme Fund

## 23. Kericho

- I. Kericho County Executive Staff Car Loan Fund
- II. Kericho County Executive Staff Mortgage Fund
- III. Kericho County Emergency Fund
- IV. Kericho County Executive
- V. Financing Locally Led Climate Change Action (FLLoCA) - Kericho
- VI. Kericho County Agricultural Development
- VII. Kericho County Alcoholic Drinks Fund

- VIII. Kericho County Bursary Fund
- IX. Kericho County Enterprise Fund
- X. Forttenan Sub District Hospital
- XI. Kapkatet District Hospital
- XII. Kericho District Hospital
- XIII. Kipkelion Sub District Hospital
- XIV. Londiani District Hospital
- XV. Roret Sub-District Hospital
- XVI. Sigowet Sub-District Hospital
- XVII. Kericho Water and Sanitation Co. Ltd

24. The Committee considered and adopted the Report on the summary of key audit findings in the Auditor-General Reports for Water Companies, Municipalities, Hospitals and funds for the financial year 2024/2025

**Committee resolution**

The Committee unanimously adopted the aforementioned reports and directed the secretariat to process for tabling of the same.

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

There was no any other business.

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

The Chairperson adjourned the meeting at nineteen minutes to eleven o'clock in the morning. The next meeting would be called on notice.

**SIGNED: ..... DATE: .....31.03.2026.....**

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