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THE SENATE RECEIVED

04 DEC 2024

REPUBLIC OF KENYA

SPEAKERS OFFICE



THE SENATE

THIRTEENTH PARLIAMENT - THIRD SESSION

THE SENATE RECEIVED

04 DEC 2024

DEPUTY CLERK

DC-EG

Forwarded and recommended for approval for tabling 04/12/2024

REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF THE FOLLOWING MUNICIPALITIES FOR THE FINANCIAL YEAR 2021/2022 (1<sup>st</sup> JULY, 2020 TO 30<sup>th</sup> JUNE, 2021):

NO.	MUNICIPALITY	COUNTY
1.	ELDORET MUNICIPALITY	UASIN GISHU
2.	KISII MUNICIPALITY	KISII
3.	KITALE MUNICIPALITY	TRANS NZOIA
4.	LAMU MUNICIPALITY	LAMU
5.	MWATATE MUNICIPALITY	TAITA TAVETA
6.	RUMURUTI MUNICIPALITY	LAIKIPIA

VOLUME XIV

Rt. Hon. Speaker\*  
You may approve for tabling  
J. M. Nyegenye, C.B.S.,  
Clerk of the senate/secretary, PSC  
Date: 04/12/24

04/12/24

Clerk's Chambers  
The Senate  
P.O. Box 41842-00100  
Nairobi

APPROVED  
RT. HON. SEN  
AMASON J. KINGI

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DATE	5/12/24
1 Tabled BY	Sen - Ojien
COMMITTEE	-
CLERK AT THE TABLE	Angelis

November, 2024

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*KL Hon. Speaker*  
*You may refer to the following*  
*J.M. Ngunjiri*  
*Chairman of the committee*

## **ACRONYMS/ABBREVIATIONS**

CBK	- Central Bank of Kenya
COB	- Controller of Budget
COG	- Council of Governors
DPP	- Director of Public Prosecution
EACC	- Ethics and Anti-Corruption Commission
GAAP	- Generally Accepted Accounting Principles
IFMIS	- Integrated Financial Management Information System
KRA	- Kenya Revenue Authority
IGRTC	- Intergovernmental Relation Technical Committee
OAG	- Office of the Auditor-General
PAA	- Public Audit Act
PFM	- Public Finance Management
PSASB	- Public Sector Accounting Standards Board
SO	- Standing Orders
TNT	- The National Treasury

## 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 management of the organization 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.

## **PREFACE**

**Hon. Speaker,**

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. 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) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments; and
- b) examine the reports and accounts of county public investments; and
- c) examine the reports, if any, of the Auditor-General on the county public investments; and
- d) To exercise oversight over county public investments.

## COMMITTEE MEMBERSHIP

### Hon. Speaker,

The membership of the Committee comprises of the following Senators-

1. Sen. Godfrey Atieno Osotsi, MP - **Chairperson**
2. Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP - **Vice-Chairperson**
3. Sen. Ledama Olekina, MP
4. Sen. William Kipkemoi Kisang, MP
5. Sen. Paul Karungo Thangwa, MP
6. Sen. Miraj Abdillahi Abdulrahman, MP
7. Sen. Eddy Gicheru Oketch, MP
8. Sen. Hamida Kibwana Ali, MP
9. Sen. Maureen Tabitha Mutinda, MP

## COMMITTEE SECRETARIAT

1. Mr. Yussuf Shimoy - Clerk Assistant I
2. Mr. David Angwenyi - Clerk Assistant I
3. Mr. Erick Njogu - Clerk Assistant II
4. Mr. Godfrey Nyaga - Clerk Assistant III
5. Mr. Kennedy Owuoth - Fiscal Analyst
6. Mr. Andrew Nyairo - Legal Counsel
7. Ms. Lucy Radoli - Legal Counsel
8. Ms. Linet Aseka - Research Officer III
9. Ms. Raisa Mwithi - Research Officer III
10. Mr. Martin Mulandi - Research Officer III
11. Mr. Josphat Ng'enh - Media Relations officer.
12. Ms. Winfred Ocholla - Audio officer
13. Mr. Patrick Ngenoh - Procurement officer
14. Mr. Josphat Ng'enh - Media Relations Officer.
15. Mr. Julia Gachoki - Serjent-at-arms

## **ESTABLISHMENT OF THE COMMITTEE**

### **Hon. Speaker,**

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.

### **Hon. Speaker,**

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 the Municipalities for the Financial year 2020/2021 (1<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2021) as the primary documents for the investigations. The Committee invited the Governors as the Chief Executive Officers of their respective County Governments 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 evidences from the Governors in response to the various audit queries raised by the Auditor-General in the reports under consideration on various dates. The Committee considered and concluded its inquiry onto the reports of the Auditor-General on the Financial Operations of the Municipalities for the Financial Year 2020/2021.

This report documents the observations and recommendations of the Committee on each audit query as raised by the Auditor-General.

**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 report of the Auditor-General for the Municipality of Eldoret for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWO** is a record of the audit queries raised in the report of the Auditor-General for the Municipality of Kisii for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

**CHAPTER THREE** is a record of the audit queries raised in the report of the Auditor-General for the Municipality of Kitale for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

**CHAPTER FOUR** is a record of the audit queries raised in the report of the Auditor-General for the Municipality of Lamu for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

**CHAPTER FIVE** is a record of the audit queries raised in the report of the Auditor-General for the Municipality of Mwatate for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

**CHAPTER SIX** is a record of the audit queries raised in the report of the Auditor-General for the Municipality of Rumuruti for the Financial Year 2020/21 and observations and recommendations of the Committee on each audit query.

## GENERAL OBSERVATIONS

1. **Lack of Operational Autonomy of Municipalities** – The Committee observed that various municipalities lacked operational independence from the County Executive with respect to management , function and finances. This contravened sections 12 on Management independence, 20 on functional independence, 45 and 46 on financial independence of the Urban Areas and Cities Act, 2011 CAP. 275.
2. **Bookkeeping, Preparation & Accuracy of the Financial Statements/ Compliance to Reporting Standards** – The Committee observed that there were various inaccuracies and errors in the financial statements of municipalities, raising concerns about the capacity of the officers who prepared the financial statements. It also observed that municipalities faced challenges in adapting to the International Public Sector Accounting Standards (IPSAS) framework required for preparing the financial statements.
3. **Periodic review of IPSAS-** The Committee observed that the Public Sector Accounting Standards Board (PSASB) periodically reviews IPSAS to address emerging issues and align with best practices, however county entities including municipalities struggled to apply the updated standards, as evidenced by the audit queries.
4. **Asset Management-** The Committee observed that the assets belonging to municipalities were still being held and managed by the county executives. Consequently, this made the municipalities not to maintain and update the asset registers which was contrary to section 104(1)(h) of the Public Finance Management Act, 2012 . Thus, the true financial position of the municipalities could not be reflected in the financial statements.
5. **Late submission of documents**– The Committee observed that the Auditor-General encountered challenges in timely submission of supporting documents for audit by the municipalities, hindering the accountability and audit process. This delay contravened Section 62 of the Public Audit Act, Cap. 412B.
6. **Budgetary Control and Performance** – The Committee observed that municipalities had weaknesses in executing their approved budgets and did not adhere to the approved budget ceilings set for programs. The municipalities either over-utilized or under-utilized the appropriated funds. Further, some Municipalities prepared unbalanced budgets contrary to regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015.

## GENERAL RECOMMENDATIONS

The Committee recommends that—

1. Governors ensure that operational independence of the municipalities is fully actualized in accordance with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, by the end of the financial year 2024/2025.
2. Accounting officers responsible for municipalities in conjunction with the Public Sector Accounting Standards Board conduct continuous capacity building on financial reporting standards for officers preparing the financial statements of the municipalities so as to improve the quality of reporting and enhance compliance. The Accounting officers to ensure that the accountants have requisite competency and experience in financial management as is required by the Accountants Act.
3. The National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties.
4. Governors to ensure that municipalities have full custody of their assets by the end of the financial year 2024/2025. Further, accounting officers responsible for municipalities should maintain an accurate and up-to-date asset register in the format prescribed by the Public Sector Accounting Standards Board pursuant to section 104(1) (h) of the Public Finance Management Act 2012, failure to which penalties under section 199 of the Public Finance Management Act shall apply.
5. Accounting Officers responsible for municipalities should ensure proper record keeping in accordance with Section 149 (2)(b) of the Public Finance Management Act and provide all the supporting documents to the Auditor-General in accordance with section 9(1) (e) of the Public Audit Act during audit and adhere to the Accountants Act, failure to which the committee shall invoke section 62 of the Public Audit Act.
6. Accounting Officers responsible for municipalities should ensure compliance with regulation 31(c) and regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on preparation of a balanced budget and exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.
7. The National Treasury should ensure timely release of funds to County Governments in line with the cash disbursement schedules approved by the Senate.

**ACKNOWLEDGEMENT**

**Hon. Speaker,**

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 the consideration of 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.

**Hon. Speaker,**

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:** .....




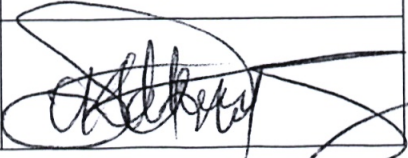
**DATE:** ..... 04/12/2024 .....



**HON. SEN. GODFREY ATIENO OSOTSI, 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 SIX MUNICIPALITIES FOR THE FINANCIAL YEAR 2020/2021**

NO.	MUNICIPALITY	COUNTY
1.	ELDORET MUNICIPALITY	UASIN GISHU
2.	KISII MUNICIPALITY	KISII
3.	KITALE MUNICIPALITY	TRANS NZOIA
4.	LAMU MUNICIPALITY	LAMU
5.	MWATATE MUNICIPALITY	TAITA TAVETA
6.	RUMURUTI MUNICIPALITY	LAIKIPIA

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, MP ( <i>Chairperson</i> )	
2.	Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP ( <i>Vice-Chairperson</i> )	
3.	Sen. Ledama Olekina, MP	
4.	Sen. William Kipkemoi Kisang, MP	
5.	Sen. Paul Karungo Thangwa, MP	
6.	Sen. Miraj Abdillahi Abdulrahman, MP	
7.	Sen Eddy Gicheru Oketch, MP	

8.	Sen. Hamida Kibwana Ali, MP	
9.	Sen. Maureen Tabitha Mutinda, MP	

## CHAPTER ONE

### REPORT ON THE AUDITED FINANCIAL STATEMENTS MUNICIPALITY OF ELDORET FOR THE FINANCIAL YEAR 2020/2021

The Governor of Uasin Gishu County, Hon. (Dr.) Jonathan Bii Chelilim, PHD, EGH, appeared before the Committee on Thursday, 25<sup>th</sup> July, 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Municipality of Eldoret for the financial year 2020/2021. The Governor was accompanied by:

1. Mr. Micah Rogony - CECM-Finance
2. Mr. Tito Koiyet - Manager Municipality of Eldoret
3. Mr. Jului Kitur - Chairperson Eldoret Municipality Board
4. Mr. Eliud Kipkorir - Chief Officer- Finance

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Municipality of Eldoret for the period under review on the following basis—

#### 1.0 Lack of Policy on Depreciation and Amortization

The statement of financial performance for the year ended 30 June, 2021 reflects depreciation and amortization amount of Kshs.2,813,322. However, the Management has applied the depreciation rate at 2% on the civil works over a life span of 50 years, without any approved policy.

Consequently, the accuracy of the property, plant and equipment balance of Kshs.137,852,766 as at 30 June, 2021 could not be confirmed.

#### Management response

The basis of using 2% on civil works of the life span of the infrastructure was guided by the Engineer's manual and IPSAS number 17 on the treatment of depreciation. County is currently developing an assets management policy that will cater for the above anomalies.

#### Committee Observations

The Committee observed that the management has applied the depreciation rate at 2% on the civil works over a life span of 50 years, without any approved policy.

## **Committee Recommendations**

**The Committee recommends that-**

- i. The accounting officer ensures that the municipality implements a depreciation policy within 60 days of the adoption of this report so as to ensure depreciation is done in accordance to the PSASB requirements to reflect the true financial position of the municipality and the Auditor-General should keep the matter in view and report to the Committee in the next audit cycle;**
- ii. the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- iii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- iv. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties; and**
- v. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

## **2.0 Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.777,566,430 which, as disclosed in Note 4 to the financial statements, is made up of Kshs.610,640,513, Kshs.3,685,549 and Kshs.163,240,368 being balances in three (3) local banks. However, the Board of Survey Report supporting the cash and cash equivalents balance was not provided for audit review. Further, the Municipality of Eldoret did not provide separate cashbooks

for the three bank accounts. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.777,566,430 for the year ended 30 June, 2021 could not be confirmed.

### **Management response**

County acknowledges the observation. County operates on cashless basis hence there was no board of survey report instead each end of a financial year, certificate of bank balances are obtained from the bank to indicate the bank balances thereof.

There are two cashbooks for the two bank accounts that is the Kenya Commercial Bank and Cooperative Bank. The balances are as indicated in the table below:

<b>S/ N</b>	<b>Bank Name</b>	<b>Account No.</b>	<b>Cashbook</b>	<b>Tran</b>
1	Cooperative Bank	011419576581100 (UDG)	610,640, 513	-
2	Kenya Commercial	1258437260 (UIG)	3,685,54 9	-
3	Cooperative Bank	011000372068 (UDG)	163,240, 368	Tr an sfe r fro m Co

### **Committee Observations**

The Committee observed that the Board of Survey Report supporting the Cash and Cash equivalents balance was not provided for audit review. Further, the Municipality of Eldoret did not provide separate cashbooks for the three bank accounts.

### **Committee Recommendations**

The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B 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.

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

The statement of comparison of budget and actual amounts for the period ended 30 June, 2021 reflect final budget receipts of Kshs. 1,565,365,314 and actual on comparable basis of Kshs. 373,131,238 thereby resulting to budget under receipts of Kshs. 1,192,234,076 or approximately seventy-six percent (76%) of the budgeted amount. Similarly, the statement reflects a final expenditure budget of Kshs. 1,565,365,314 and an actual expenditure of Kshs. 285,199,074 thereby leading to a budget under performance of Kshs. 1,280,166,240 or eighty-two percent (82%) of the budgeted amount.

A review of the Uasin Gishu County approved supplementary one (1) program-based budget for the year ended 30 June, 2021 revealed the County Assembly approved a supplementary recurrent budget of Kshs. 17,486,969 while the Kshs. 16,516,969 was reported as final recurrent budget figure in the statement of comparison of budget and actual amounts for the period ended 30 June 2021 resulting to unexplained variance of KShs. 970,000. In addition, budget notes reconciling the statement of financial performance figures and the budget have also not been provided. The underperformance in the statement of budget and actual amounts means non-delivery of services that were budgeted for.

### **Management response**

County acknowledges the observation. The under -funding of Kshs 1,192,234,076 and under expenditure of Kshs. 1,280,166,240 was as a result of prevailing Covid 19 pandemic and the health stringent protocols during the period under review. This affected the disbursements of funds and at the same time implementation of the projects. However, these projects were implemented and completed during the FY 2021/2022 and 2022/2023 as indicated by the copies of handing over/ taking over certificates attached.

Further, the variance of Kshs 970,000 was as a result of depreciation which had not been budgeted for during the year under review. This is as a result of the County transactions being on cash basis while the Municipality was on accrual basis.

### **Committee Observations**

The Committee observed that there was an underfunding of Kshs. 1,192,234,076 or approximately seventy-six percent (76%) of the budgeted amount.

### **Committee Recommendations**

The Committee recommends that—

- i. the Accounting Officer should ensure strict 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 Standard 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 Accounting Officer should 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.

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

Pursuant to Article 229 (6) of the Constitution, based on the audit procedures performed by the Auditor General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way –

### **1. Failure to Submit Financial Statements of Municipality of Eldoret**

Available records indicate that Municipal Charter was granted to the Municipality of Eldoret on 17 December, 2018 as per Gazette Notice No.460, Vol.CXXI-No.9 dated 18 January, 2019 and functions transferred to the Municipality with effect from 1 June, 2019 as per Kenya Gazette Notice No.4724, Vol.CXXI-No.68 of 31 May, 2019. Records further show that the Eldoret Municipality Board members were appointed on 26 June, 2019. However, the Board did not submit financial statements of Municipality of Eldoret for the year ended 30 June, 2020 to the Auditor-General as required under Section 46 of the Urban Areas and Cities Act, 2011.

Consequently, Management is in breach of the law.

### **Management response**

County acknowledges the observation. During the year under review the Public Sector Accounting Standards Board (PSASB) had not developed Financial Reporting template for Municipalities. On 22nd March 2022, PSASB invited Counties' resource persons to assist on the development of the Municipality reporting template to be in use. The financial statements for the year ended 30 June 2020 and 30 June 2021 were prepared and submitted by the County Executive as one entity. Subsequently, the approved template was used to prepare the financial statement for the FY 2021/2022 to adhere with Section 46 of the Urban Areas and Cities Act, 2011.

## **Committee Observations**

The Committee observed that the Board did not submit financial statements of Municipality of Eldoret for the year ended 30 June, 2020 to the Auditor-General as required under Section 46 of the Urban Areas and Cities Act, 2011.

## **Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act, 2015 in the subsequent audit cycle.**

## **2. Independence of the Entity**

The Municipality of Eldoret was granted Municipal charter on 18 August, 2020 which was supposed to grant operational independence from the County Government of Uasin Gishu. However, review of the operations of the Municipality revealed lack of autonomy as detailed below: -

- (i) The Municipality's budget was prepared and controlled by the County Executive and there was no budget Approval by the Municipal Board.
- (ii) Except from project accounts with joint signatories from the County Treasury, the Municipality's expenditure was controlled by the County Treasury and did not have independent operations account.
- (iii) The County Government has continued to perform a number of functions which were transferred to the Municipality.

This is in contravention of Section 9(1) of the Urban Areas and Cities Act, 2011, which states that the County Governor may, on the resolution of the County Assembly, confer the status of a Municipality on a town that meets the criteria set out in Subsection (3), by grant of a charter in the prescribed form. In addition, it contravenes Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a city and Municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager appointed pursuant to Section 28 and such other staff or officers as the County public service may determine.

The Municipality Management was in breach of law.

### **Management response**

County has complied with Section 9(1) of the Urban Areas and Cities Act, 2011 by granting a Municipal charter on 18 August, 2020. County has also put in place a Municipal Board, appointed a Municipal Manager and deployed a number of officers to run the operations of the Municipality.

### **Committee Observations**

The Committee observed that the operations of the Municipality lacked autonomy which contravention of Section 9(1) of the Urban Areas and Cities Act, 2011.

### **Committee Recommendations**

**The committee recommends that the Governor of Uasin Gishu County ensures Eldoret Municipality operational independence is fully actualized in line with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply.**

## **3. Inaccuracies in the Financial Statements**

### **3.1 Statement of Financial Position**

The statement of financial position reflects net assets balance of Kshs. 148,597,336 and a total net assets and liabilities balance of Kshs. 151,749,441 resulting in an unexplained and unreconciled variance of Kshs 3,152,105. Further, a re-computation of total net assets and liabilities resulted in a total of Kshs. 148,597,336.

In addition, the statement reflects total net assets and liabilities of Kshs. 151,416,725.

However, the statement of changes in net assets reflects Kshs. 106,416,725 resulting in unreconciled and unexplained variance of Kshs. 45,332,716.

Similarly, the statements reflect property, plant and equipment, comparative balance of Kshs. 35,515,994 while Note 24 to the financial statements reflects a nil balance resulting in unexplained variance of Kshs. 35,512,994.

In the circumstances, the accuracy of the financial statements could not be confirmed.

### **Management response**

Corrections and amendments have been done.

### **Committee Observations**

The Committee observed that there was unreconciled variance of Kshs 3,152,105. Further, the statement reflects total net assets and liabilities of Kshs. 151,416,725.

Consequently, the Committee observed that, the statement of changes in net assets reflects Kshs. 106,416,725 resulting in unreconciled and unexplained variance of Kshs. 45,332,716.

### **Committee Recommendations**

**The Committee recommends that—**

- i. the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;**
- iii. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**
- iv. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

### **3.2 Statement of changes in net assets**

The statement of changes in net assets reflects nil reserves balance which differs with Kshs. 148,494,576 reserves balance reflected in the statement of financial position, resulting in to unexplained variance of Kshs. 148,494,576. Further, transfers from the County Government amount of Kshs. 6,120,388, reflected in the statement of financial performance was erroneously included in the statement of changes in net assets.

In addition, the statement of changes in net assets reflects a balance of Ksh 106,416,725. However, re-computation of the balance resulted in Kshs 106,406,722, hence a variance of Ksh 10,003 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of the respective financial statements balance could not be confirmed.

### **Management response**

Corrections and amendments have been done.

### **Committee Observations**

The Committee observed that the statement of changes in net assets reflects nil reserves balance which differs with Kshs. 148,494,576 reserves balance reflected in the statement of financial position, resulting in to unexplained variance of Kshs. 148,494,576.

### **Committee Recommendations**

The Committee recommends that—

- i. the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;**
- iii. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**
- iv. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

#### **4.0 Expenditure on Hospital Services**

The statement of financial performance for the year ended 30 June, 2021 reflects use of goods and services amount of Kshs.11,684,941 which includes hospitality supplies and services amount of Kshs.1,924,080. Included in the latter balance is a payment of Kshs.832,400 spent on catering services from various service providers. However, Electronic Tax Receipts for all cash purchases made within the year under audit, were not attached to the payment vouchers contrary to Regulation 93(2) of the Public Procurement and Asset Disposal Regulations, 2020. In addition, low value method of procurement was used without recommendation from the Head of Procurement Unit. Further, evidence of a market survey was not provided as required by Regulation 92 of the Public Procurement and Asset Disposal Regulations, 2020.

The Municipality Management was in breach of the law.

#### **Management response**

County acknowledges the observation. The management has ensured that from the FY 2021/2022 going forward, KRA ETR receipts have been provided and attached to the payment vouchers as required by law; all hospitality services are done in compliance with procurement and asset disposal regulation 2020. At the time of this audit review, there was no market survey carried out. Subsequently, County uses frameworks for hospitality services.

#### **Committee Observations**

The Committee observed that-

- i. the Electronic Tax Receipts for all cash purchases made within the year under audit, were not attached to the payment vouchers contrary to Regulation 93(2) of the Public Procurement and Asset Disposal Regulations, 2020;
- ii. the low value method of procurement was used without recommendation from the Head of Procurement Unit; and
- iii. the evidence of a market survey was not provided as required by Regulation 92 of the Public Procurement and Asset Disposal Regulations, 2020.

#### **Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that the Municipality strictly adheres to Regulation 92 and 93(2) of the Public Procurement and Asset Disposal Regulations, 2020, failure to which the provisions of section 223 of the Public Procurement and Asset Disposal Regulations, 2020 on penalties for offences shall apply.**

## 5.0 Delayed project completion

The statement of financial position as at 30 June, 2021 reflects a balance of Kshs.270,574,932 under non-current assets. Included in this balance is an amount of Kshs.80,998,626 spent on six (6) projects undertaken under the Kenya Urban Support Programme during the year. Physical verification carried out in December, 2021 revealed that four (4) projects which had payments totalling to Kshs.76,567,298 had delayed in their completion. In the circumstances, the public may not receive value for money and benefits from the incomplete projects.

### Management response

During the period under review, the reported four (4) projects with total amounts of Kshs 76,567,298 were works in progress. However, the projects were completed during the FY 2021/2022 and 2022/2023. The analysis of the same is as indicated below:

S/No	Contractor's Name	Contract Number	Contract Details	Payment Certificate	Amount paid
1	Rudra Builders	UGC/ME/KUSP/004/2020/2021	Paving of miyako-maxxis tagore- ndupawa-fish point	040KUSP 88-91	20,434,971.80
2	Unispec	UGC/ME/KUSP/002/2020/2021	Construction of storm water drainage and high mast at Kipkaren-Kansaos	050KUSP 85-87 & 98	17,080,833.40
3	Geodev Ltd	UGC/ME/KUSP/006/2020/2021	Tarmarking of Arap Kitongo road in Kiplombe	060KUSP 80-81,83	15,232,408.43
4	Koslam Constructor	UGC/ME/KUSP/005/2020/2021	Construction of Racecourse Primary school- Oletebes-pastrol centre- Marriot iunction	070KUSP 93-96	23,822,044.57
<b>Total</b>					<b>76,567,298</b>

### Committee Observations

The Committee observed that during the period under review, the reported four (4) projects with total amounts of Kshs 76,567,298 were works in progress. However, the projects were completed during the FY 2021/2022 and 2022/2023 hence the query was addressed as advised by the Auditor-General.

### **Committee Recommendations**

**The Committee recommends that the Auditor-General to do physical verification and report back to the Senate on the same in the subsequent audit cycle.**

## CHAPTER TWO

### REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THE MUNICIPALITY OF KISII FOR THE FINANCIAL YEAR 2020/2021

The Governor of Kisii County, Hon. Paul Simba Arati, appeared before the Committee on Thursday, 26<sup>th</sup> September, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Municipality of Kisii for the financial year 2020/2021. He was accompanied by –

1. Mr. Kennedy Abincha - CECM-Finance
2. Mrs. Grace Nyarango - CECM-Lands and Physical planning
3. Mr. Ronald Nyakweba - CECM-Health
4. Mr. Vincent Okioma - Chief Officer-Finance

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **unqualified opinion** on the financial statements of the Kisii Municipality for the period under review on the following basis-

#### Other matter

#### Budgetary Control and Performance

The statement of comparative budget and actual amounts for the year ended 30 June ,2021 reflects final receipts budget and actual on comparable basis of Kshs. 172,853,800 and Kshs 126,137,642 respectively, resulting in an under-funding of Kshs. 46,716,158 or 27% of the budget. Similarly, the program spent Kshs. 81,189,176 out of the approved expenditure budget of Kshs. 197,397,118, resulting in under expenditure of Kshs. 116,207,942 or 59% of the budget.

#### Management Response

The management concurred with the auditor's observation on budgetary control and performance. The underfunding of Ksh 46,716,158 representing 27% of the budget was occasioned by a review of the parent ministry funding to counties on Urban Institution Grants and Urban Development Grants.

The under expenditure of Ksh 116,207,942 or 59% of the budget was occasioned by delayed project completion. However, the management only paid as per the certified works done.

#### Committee Observations

The Committee observed that the municipality had an under-funding of Kshs. 46,716,158 or 27% of the budget and that there was also an under expenditure of Kshs. 116,207,942 or 59% of the budget.

## **Committee Recommendations**

**The Committee recommends that—**

- i. the Accounting Officer should ensure strict 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 Accounting Officer should 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.**

## CHAPTER THREE

### REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MUNICIPALITY OF KITALE FOR THE FINANCIAL YEAR 2020/2021

The Governor of Trans-Nzoia County, Hon. George Natembea, appeared before the Committee on Tuesday 24<sup>th</sup> September 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Municipality of Kitale for the financial year 2020/2021. He was accompanied by-

- |                          |   |                              |     |                   |
|--------------------------|---|------------------------------|-----|-------------------|
| 1. Mrs. Janerose Wabwoba | - | CECM-Lands                   | and | Urban Development |
| 2. Mrs. Irene Nang'ole   | - | Ag. Municipal/Manager-Kitale |     |                   |
| 3. Mr. Truphosa Amere    | - | County Secretary             |     |                   |
| 4. Mr. Walioli Wabwoba   | - | County Attorney              |     |                   |

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of Municipality of Kitale for the period under review on the following basis—

#### 1. Property, Plant and Equipment

##### 1.1 Unsupported Work-In-Progress

The statement of financial position and as disclosed in Note 8 to the financial statements reflects a balance of Kshs. 392,376,681 in respect of property, plant and equipment which includes a balance of Kshs. 390,958,729 relating to work-in-progress, for the construction of a multi storey business complex. However, the construction was undertaken on a parcel of land whose ownership documents were not in the name of the Municipality.

The contract for the works was awarded to a local construction company at a contract sum of Kshs. 874,280,383. The contract period was seven hundred twenty-eight (728) days commencing 10 June, 2019, and expected completion date was 10 June, 2021. As at 30 June, 2021, the contractor had been fully paid the contract amount of Kshs. 390,958,729.

Review of records revealed that the works were sub-contracted to various sub-contractors. However, contract agreements between the main contractor and sub-contractors were not provided for audit review.

Further, bills of quantity and engineers' estimates were not provided for audit review while site meeting minutes provided were not signed. It was, therefore, not possible to confirm the scope of works and the contract sums for each sub-contractor.

In the circumstances, the accuracy, ownership and valuation of the property, plant and equipment balance of Kshs. 392,376,681 could not be confirmed.

### **Management Response**

The County of Trans Nzoia is in the process of acquiring all the ownership documents after the land Taskforce report of 2022 including the parcel of land hosting the Multi Storey Business Complex Annex 1(a) Land ownership documents follow up

The contract agreement between the main Contractor and subcontractors have been availed to the auditors for audit review.

The bills of quantity and engineers' estimates have been provided to auditors for audit review.

The signed minutes have been availed to the auditors for audit review.

### **Committee Observations**

The Committee observed that—

- i. Title deed on which the multi storey building was constructed was not provided as the land is in public land and not in the name of the Municipality.
- ii. Contract agreement, bill of quotation, site meeting minutes were not provided for audit review.

### **Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B.**

#### **1.2 Inaccuracies in the Property, Plant and Equipment Schedule**

The statement of financial position and as disclosed in Note 8 to the financial statements reflects a balance of Kshs. 392,376,681 in respect of property, plant and equipment which includes a balance of Kshs. 299,950 and Kshs. 1,118,000 relating to furniture and fittings and computers respectively. However, depreciation charges for the year and the net book values were not indicated.

In the circumstances, the accuracy, completeness and fair value of the property, plant and equipment balance of Kshs. 392,376,681 could not be confirmed.

## **Management Response**

The omission was noted and depreciation for PPE was captured in our subsequent financial reports.

## **Committee Observations**

The Committee observed that the prior year adjustments on Property, Plant and Equipment were correctly made in FY 2021/2022 financial statements to correct the error.

## **Committee Recommendations**

The Committee recommends that—

- i. the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;**
- iii. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in counties; and**
- iv. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

## **2. Undisclosed Bank Accounts**

The statement of financial position reflects cash and cash equivalents balance of Kshs. 274,110,366 which as disclosed in Note 6 to the financial statements comprises of Kshs. 459,060 and Kshs. 273,651,306 relating to recurrent and development accounts respectively maintained at Equity Bank.

However, review of records revealed that the Municipality maintains two (2) other bank accounts, KUSP (Kenya Urban Support Program) special account and its corresponding GOK counterpart account with unknown balances, which have not been disclosed in the financial statements. Further, bank reconciliation statements for the two accounts were not provided for audit.

In addition, cash books for the four (4) bank accounts maintained by the Municipality Board were not signed monthly by the officer maintaining them and checked by an officer senior to the person maintaining them.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 274,110,366, could not be confirmed.

### **Management Response**

The Municipality acknowledges that it maintains the mentioned accounts. However, the accounts had nil balances and hence were not listed in the notes, since they did not affect the financial statements.

The copies of Certificate of bank balances, bank statements, signed bank reconciliation statements and cash books have been presented for audit review and copies are attached.

### **Committee Observations**

The Committee observed that—

- i. the SBM Account's first transaction was in July 2021 and therefore the account had nil balance as at 30<sup>th</sup> June 2021.
- ii. the KUSP account is owned and controlled by the county executive and therefore cannot be reported under the Municipality.
- iii. the bank reconciliations were presented and confirmed correct.

### **Committee Recommendations**

The Committee recommends that—

- i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public**

- Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;**
- iii. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in counties; and**
  - iv. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

### **3. Incorrect Recognition of Development Grants**

The statement of financial performance reflects, revenue from non-exchange transactions amount of Kshs. 299,106,900 which as disclosed in Note 1 to the financial statement relates to urban development grants received from the World Bank. However, according to International Public Sector Accounting Standards (IPSAS) 1, this item is supposed to be reported in the statement of financial position under net assets.

Consequently, the presentation of the financial statements was not in conformity with the requirements of the Accounting Standards.

#### **Management Response**

The observations were noted and effected in subsequent financial year and can be confirmed from the audited Financial Report for FY 2021/2022 in which the urban development grant has been reported under the statement of financial position and statement of changes in net assets in compliance with the IPSAS 1.

#### **Committee Observations**

The Committee observed that the urban development grant has been reported under the statement of financial position and statement of changes in net assets in compliance with the IPSAS 1 in FY 2021/2022 financial statements to correct the error

#### **Committee Recommendations**

**The Committee recommends that—**

- i. the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1)**

- of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;
- ii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;
  - iii. the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in counties; and
  - iv. the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.

## **OTHER MATTER**

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

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs. 307,917,900 against the actual expenditure of Kshs. 24,578,028 resulting to under-expenditure of Kshs. 283,339,872 or 92% of the actual receipts.

The under-expenditure affected the planned activities and might have impacted negatively on service delivery to the public.

#### **Management Response**

The computation in the Statement of Comparison had omitted the Development expenditure amounting to 114,967,406 which had been captured in the Statements of financial position Under PPE and explained under Note 8 under Work In Progress (WIP). The corrected Statement of Comparison of Budget and Actual has been presented to the auditor for review and is attached.

#### **Committee Observations**

The Committee observed that—

- i. the statement of comparison of budget and actual amounts has now been amended to reflect the correct amounts.

- ii. as at 30 June 2021, the Municipal had Kshs. 273,651,306 unutilized and held in the development account.

### **Committee Recommendations**

#### **The Committee recommends that—**

- i. **the Accounting Officer should ensure strict 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 Accounting Officer should 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.**

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCE**

Pursuant to Article 229(6) of the Constitution, based on the audit procedures performed by the Auditor-General, the following matters formed the basis for conclusion that public resources were not applied lawfully and in an effective way—

#### **1. Non-Compliance with the Public Sector Board in the Presentation of the Financial Statements**

The financial statements presented for audit for the financial had the following anomalies;

- i. The financial statements were not signed by the Chairman and Secretary to the Board.
- ii. The statement of changes in net assets is not prepared in the format prescribed in the financial reporting template. Further, an additional column has not been included on capital development grants while the rows do not reflect movement of balances from one year to another, showing opening balances, additions during the year and closing balances.
- iii. The statement of comparison of budget and actual amounts submitted for review did not reflect the figures under performance differences and percentage.

In the circumstances, presentation of the financial statement does not conform to the requirements of the Public Sector Accounting Standards Board.

### Management Response

- (i) The financial statements for financial year 2020/2021 were signed by the Chairman and Secretary to the Board as evidenced.
- (ii) The format has been fully adopted in subsequent financial reporting as evidenced. The statement of changes in net assets has been prepared in the format prescribed in the financial reporting template in the subsequent financial statements.
- (iii) The corrected statement of comparison of budget and actual amounts reflect the figures under performance differences and percentage and has been presented to auditors for review and as evidenced.

### Committee Observations

The Committee observed that—

- i. The amended statement of changes in net assets is now prepared in the format prescribed in the financial reporting template.
- ii. The statement of comparison of budget and actual amounts submitted for review now reflects the figures under performance differences and percentage.

### Committee Recommendations

The Committee recommends that—

- i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in accordance with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
- ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties and offences shall apply;**
- iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in counties; and**

- iv. **the Accounting Officer should enhance the capacity of in-post officers preparing financial statements to comply with the requirements of the Public Sector Accounting Standards and should further invest in technology to enhance efficiency and improve the accuracy of financial statements.**

## **2. Late Submission of Financial Statements**

The financial statements of the Municipality of Kitale for the year ended 30 June, 2021, were submitted for audit on 25 October, 2021, contrary to Section 47(1) of the Public Audit Act, 2015, which states that financial statements should be submitted to the Auditor-General for audit within three months after the end of the fiscal year to which the accounts relate.

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

### **Management Response**

The breach is acknowledged and the management has cured this in the subsequent financial by submitting the financial statement on or before 30th September after the end of the fiscal year.

### **Committee Observations**

The Committee observed that the financial statements were submitted for audit past the three months' limit as put in section 47 of the Public Audit act, 2015.

### **Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

## **3. Long Outstanding Sundry Debtors**

The statement of financial position reflects a balance of Kshs. 700,000 which as disclosed in Note 7 to the financial statements relates to imprest balance brought forward from 2019/2020 financial year. However, no explanation was provided for the failure to recover the long outstanding imprest, contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015, which states that a holder of a temporary imprest shall account for or surrender the imprest within seven (7) working days after returning to duty station.

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

### **Management Response**

We acknowledge the un-surrendered imprest one of our staff Mr Gak Abuya which was outstanding at the time of audit, however, the outstanding imprest has been fully recovered through payroll deductions which commenced in July 2020 to September 2021 and evidenced by the attached copies of pay slips and instruction to recover. The funds were subsequently transferred to Kitale Municipality bank account in December 2023.

### **Committee Observations**

The Committee observed that the outstanding imprest has been recovered fully however, the interest accumulated on the amount has not been recovered.

### **Committee Recommendations**

**The Committee recommends that within 60 days from the adoption of this report the Accounting officer of the municipality ensures full recovery of the total outstanding interest on the imprest surrendered from the responsible officer(s) at the prevailing central bank rates. The Auditor to follow up on the matter and report to the Committee in the next audit cycle.**

#### **4. Non-Compliance with the Law of Staff Ethnic Diversity**

Review of records revealed that during the year under review, the Board was made up of nine (9) members out of which, seven (7) members or 78% were from the dominant community. This is contrary to Section 65(1)(e) of the County Governments Act, 2012, which provides that at least 30% of the staff establishment in a County Government entity be filled by staff from communities other than the dominant local community.

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

### **Management Response**

Out of the nine members, 2 are members by virtue of their office, i.e. CECM and Chief Officer and this depends on the posting.

Based on the seven independent members, four members (57%) are from the dominant community which is in compliance with the County Government Act.

### **Committee Observations**

The Committee observed that the list of Board members has been confirmed and complies with the law.

## **Committee Recommendations**

**The Committee recommends that—**

- i. The County Public Service Board to make deliberate efforts to progressively comply with section 65 of the County Governments Act, 2012 which provides that at least thirty percent 30% of the vacant posts at entry level be filled by candidates who are not from the dominant ethnic community; and**
  
- ii. The Board and the accounting officer to make deliberate efforts progressively in the endeavor to comply with Section 7 (1) and (2) of the National Cohesion and Integrity Act, 2008, which requires that public establishments shall seek to represent the diversity of the people of Kenya in employment of staff.**

## CHAPTER FOUR

### REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MUNICIPALITY OF LAMU FOR THE FINANCIAL YEAR 2020/2021

The Governor of Lamu County, Hon. Issa Abdallah Timamy, EGH, OGW, appeared before the Committee on Tuesday 30<sup>th</sup> July 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Municipality of Lamu for the financial year 2020/2021. He was accompanied by-

- |                    |                           |
|--------------------|---------------------------|
| 1. Mr. Mohamed Ali | - CECM-Finance            |
| 2. Mrs. Salma Omar | -Chief Officer Finance    |
| 3. Amb. Ali Abbas  | - County Secretary        |
| 4. Mr. Ahmed Kombo | - Principal Administrator |

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of Municipality of Lamu for the period under review on the following basis—

#### 1. Late Submission of Financial Statements

The financial statements for the Municipality Board which were by law to be submitted to the Auditor-General on or before 30 September 2021, were instead received three (3) months later on 28 December, 2021.No explanation was provided for the delay in their submission.

In the circumstance, the Board was in breach of the constitution, the Public Finance Management Act, 2012, and Section 47(1) of the Public Audit Act, 2015.

#### Management Response

The Management acknowledges the late submission of financial statements during the year under review. The Municipality of Lamu is currently submitting financial statements timely.

#### Committee Observations

The Committee observed that Lamu Municipality submitted the financial statement of the year under review in December 2021, which was three months past the deadline as stipulated in the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

#### Committee Recommendations

The Committee recommends that—

- i. **the Municipality should adhere to section 164(4) of the Public Finance Management Act, 2012 and submit financial statements not later than**

**three months after the end of a financial year, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

- ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B**

## **2. Performance Security**

Examination of Procurement of records revealed that the Municipality Board entered into contract with a firm on 26 June, 2019 for a period of twelve (12) months ending on 26 June, 2020. The contract period was extended to 21 July, 2021 and again on 21 October, 2021. However, the performance security was issued by the Contractors bank in July, 2019 after the contract had been signed and further the bond was not renewed to cover the extended period of the Contract. This was contrary to section 142(1) of the Public Procurement and Asset Disposal Act, 2015 on performance security which requires each successful bidder for a public contract to pay 10% of the contract amount, before signing the contract amount.

In the circumstances, Management was in breach of the law and the Board may not be able to directly recover any loss arising from unsatisfactory execution of the Contract.

### **Management Response**

The Municipal Board acknowledges the audit findings. However, they confirm that they did obtain extension of the Performance Bond to 21<sup>st</sup> July 2021. Kindly note that the market project was successfully completed and the Lamu Market is in full use.

### **Committee Observations**

The Committee observed that the contract was extended past to agreed time and the bond was not renewed to cover the extended period. Management obtained extension of the performance bond and Lamu market was successfully completed.

### **Committee Recommendations**

**The Committee recommends that the Municipality should adhere to section 142(1) of the Public Procurement and Asset Disposal Act, 2015 and request for performance bonds from contractors before commencement of work, failure to which the provisions of section 177 of the Public Procurement and Asset Disposal Act, 2015 on penalties for offences shall apply.**

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

Pursuant to section 7(1)(a) of the Public Audit Act, based on the audit procedures performed by the Auditor-General, the internal control, risk management and governance were not effective—

### **1. Lack of Risk Management Policy**

A review of Internal Control and Risk Management Operations indicated that Contrary to the requirements of regulation 158(1)(a) and Regulation 158(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, the Board did not have a documented risk Management Policy. The provision requires the accounting Officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operations.

In the circumstance, Management lacked objective means to identify, assess and mitigate operational and other risks faced by the Board.

#### **Management Response**

At the time of the audit, the municipality did not have a risk management policy. The Municipality Board has subsequently adopted for use the Lamu County (with appropriate changes) a Risk Management Policy.

#### **Committee Observations**

The Committee observed that the matter is recurrent and that the Municipality did not have a Risk management policy and was using that of the County Executive.

#### **Committee Recommendations**

**The Committee recommends that the Board of Directors ensures that the Municipality puts in place all internal control systems such as a Risk Management Policy as provided under section 158 (1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds. Further, the management to submit evidence of the same to the Auditor-General for verification.**

## CHAPTER FIVE

### REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SPECIAL MUNICIPALITY OF MWATATE FUND/BOARD FOR THE FINANCIAL YEAR 2020/2021

The Governor of Taita Taveta County, Hon. Andrew Mwadime, appeared before the Committee on Thursday 1<sup>st</sup> August 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Special Municipality of Mwatate fund/board for the financial year 2020/2021. He was accompanied by-

1. Mr. Dawson Mzenge - CECM-Finance
2. Mrs. Getrude Shuwe - CECM-Trade
3. Mr. Edward Mwakalami - Mwatate Municipal Manager
4. Mr. Mwang'ombe Mwakio - County Attorney

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Special Municipality of Mwatate fund/board for the period under review on the following basis—

#### Other Matter

#### Budgetary Control and Performance

During the year under review, the Special Municipality of Mwatate Fund/Board had final revenue budget and actual on comparable basis of Kshs.93,570,000 and Kshs.83,958,338 respectively, resulting to a shortfall of Kshs.9,611,662 or 10% of the budget. Similarly, the Fund/Board spent Kshs.74,399,650 against an approved budget of Kshs.93,570,000 resulting to under-expenditure of Kshs.19,170,350 or 20% of the budget.

In the circumstances, the underfunding and under-performance affected the planned activities of the Fund/Board and may have impacted negatively on service delivery to the stakeholders.

#### Management Response

The audit observation is noted however, during the financial year the management had a shortfall of donor funds of kshs.6,615,899 and own source revenue of kshs.2,995,762. Kshs.7,384,100 was received in the cashbook on 30 th June 2021 and reflected in the bank statement on 1<sup>st</sup> July 2021 therefore the department could not utilize the amount during the financial year 2020-2021.

## **Committee Observations**

The Committee noted that the board/fund had an under funding of Kshs.9,611,662 or 10% of the budget. There was an under-expenditure of Kshs.19,170,350 or 20% of the budget.

## **Committee Recommendations**

**The Committee recommends that—**

- i. the Accounting Officer should ensure strict 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 Accounting Officer should 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.**

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

Pursuant to section 7(1) (a) of the Public Audit Act, based on the audit procedures performed by the Auditor-General, the internal control, risk management and governance were not effective—

### **1. Lack of Depreciation Policy on Property, Plant and Equipment (PPE)**

Significant Accounting Policy No. 5 on plant, property and equipment indicates that all PPE are stated at cost less accumulated depreciation and impairment losses. However, as previously reported, the Fund/Board has no depreciation policy in place and therefore, the PPE balance of Kshs. 87,930,253 reflected in the statement of financial position and as disclosed in Note 14 to the financial statements is stated at cost and may be overstated to the extent of the applicable accumulated depreciation charge as at 30 June 2021.

In the circumstances, it was not possible to confirm the effectiveness of the Fund/Board's policy on property, plant and equipment.

## **Management Response**

The audit observation has been noted. However, the County Government is coming up with Asset management Policy which will provide guidelines on asset depreciation. See attached County Asset Management Policy draft.

## **Committee Observations**

The Committee noted that;

- i. this query is recurrent
- ii. the board/fund has no depreciation policy.

## **Committee Recommendations**

**The Committee recommends that the accounting officer ensures that the municipality implements a depreciation policy within 60 days of the adoption of this report so as to ensure depreciation is done in accordance to the PSASB requirements to reflect the true financial position of the municipality and the Auditor-General should keep the matter in view and report to the Committee in the next audit cycle.**

## CHAPTER SIX

### REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR RUMURUTI MUNICIPALITY FOR THE FINANCIAL YEAR 2020/2021

The Governor of Laikipia County, Hon. Joshua Irungu, appeared before the Committee on Tuesday 17<sup>th</sup> September 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for Municipality of Rumuruti for the financial year 2020/2021. He was accompanied by-

- |                        |                                     |
|------------------------|-------------------------------------|
| 1. Mr. Wachira Gachigi | - CECM-Finance                      |
| 2. Mrs. Leah Njeru     | - CECM-Water/Environment            |
| 3. Mr. Koinange Wahome | - County Secretary                  |
| 4. Mr. Kamunya Karundo | - CEO-Laikipia County Revenue Board |

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of Municipality of Rumuruti for the period under review on the following basis—

#### 1. Late Submission of Financial Statements

The financial statements for the year ended 30th June 2021 were submitted to the office of the Auditor-General on 4th November 2022, thirteen months after the statutory deadline date of 30th September 2021.

#### Management Response

During the formative years, the Municipality had been preparing Quarterly Financial Reports to the Kenya Urban Support Program (KUSP Grant) in form of Statements of Expenditure.

However, during FY 2021/ 2022 the reporting templates for municipalities were availed by the Public Sector Accounting Standards Board (PSASB) after which a sensitization meeting on use of the templates was conducted (by the PSASB) on 21st October 2022. Since then, the Municipality has remained compliant in reporting using the appropriate templates.

#### Committee Observations

The Committee observed that Rumuruti Municipality submitted the financial statement of the year under review in 4<sup>th</sup> November 2022, which was three months past the deadline as stipulated in the Public Finance Management Act, 2012 and the Public Audit Act, 2015.

## **Committee Recommendations**

**The Committee recommends that—**

- iii. the Municipality should adhere to section 164(4) of the Public Finance Management Act, 2012 and submit financial statements not later than three months after the end of a financial year, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- iv. the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9 (1) (e) of the Public Audit Act, Cap.412B, failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62 (2) of the Public Audit Act, Cap.412B**

## **2. Unbalanced Budget**

The Statement of Comparison of budget and actual amounts reflects Kshs 50,000,000 and Kshs. 27,730,000 in respect to approved receipts and expenditure budgets respectively. This resulted to Kshs. 22,270,000 budgeted receipts without corresponding budgeted expenditure.

## **Management Response**

The statement of comparison of budget erroneously omitted board expenses, staff costs and acquisition of assets. Had these expenses been captured, the budget would have balanced as indicated.

## **Committee Observations**

The Committee observed that board expenses, staff costs and acquisition of assets were erroneously omitted thereby giving an impression of an unbalanced budget.

## **Committee Recommendations**

**The Committee recommends that—**

- i. the Accounting Officer should ensure strict 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 Standard 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 Accounting Officer ensures strict compliance with the provisions of Regulation 31 (c) of the Public Finance Management (County Government) Regulations, 2015 with regards to a balanced budget, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
- iii. **the Accounting Officer should 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.**

**APPENDICIES**

## **ANNEX I: MINUTES OF THE COMMITTEE**



## 13<sup>TH</sup> PARLIAMENT 3<sup>RD</sup> SESSION

### MINUTES OF THE TWO HUNDRED AND TWENTY THIRD SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE REPORTS ON THE SCRUTINY OF THE AUDITOR-GENERAL'S REPORTS ON MUNICIPALITIES IN COUNTIES HELD ON FRIDAY, 8<sup>TH</sup> NOVEMBER, 2024 AT PRIDE INN HOTEL, MACHAKOS COUNTY AT 10.00 A.M.

#### PRESENT

- |  |                    |
|--|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, MP        | - Chairperson      |
| 2. Sen. (Prof.) Tom Odhiambo Ojienda, MP | - Vice-Chairperson |
| 3. Sen. William Kipkemoi Kisang, MP      | - Member           |
| 4. Sen. Maureen Tabitha Mutinda, MP      | - Member           |
| 5. Sen. Miraj Abdillahi Abdulrahman, MP  | - Member           |
| 6. Sen. Hamida Kibwana Ali, MP           | - Member           |

#### ABSENT WITH APOLOGY

- |                                  |          |
|----------------------------------|----------|
| 1. Sen. Ledama Olekina, MP       | - Member |
| 2. Sen. Paul Karungo Thangwa, MP | - Member |
| 3. Sen. Eddy Gicheru Oketch, MP  | - Member |

#### SECRETARIAT

- |                        |                       |
|------------------------|-----------------------|
| 1. Mr. Yussuf Shimoy   | - Clerk Assistant I   |
| 2. Mr. David Angwenyi  | - Clerk Assistant I   |
| 3. Mr. Erick Njogu     | - Clerk Assistant II  |
| 4. Mr. Godfrey Nyaga   | - Clerk Assistant III |
| 5. Ms. Zeinab Jirma    | - Legal counsel       |
| 6. CPA. Kennedy Owuoth | - Fiscal Analyst      |
| 7. Ms. Raisa Mwithi    | - Researcher          |
| 8. Ms. Linet Aseka     | - Researcher          |
| 9. Mr. Martin Mulandi  | - Researcher          |
| 10. Mr. Joseph Otieno  | - Audio officer       |
| 11. Mrs. Julia Gachoki | - Serjeant-at-arms    |

#### IN ATTENDANCE

##### A. OFFICE OF THE AUDITOR GENERAL

- |                      |                   |
|----------------------|-------------------|
| 1. Mr. Mark Gachanja | - Liaison Officer |
|----------------------|-------------------|

**B. OFFICE OF THE CONTROLLER OF BUDGET**

1. Ms. Nancy Kendi - Liaison Officer

**C. OFFICE OF THE NATIONAL TREASURY**

1. Dr. Jackson Ndungu - Liaison Officer

**MIN. NO. SEN/CPICSF/10264/2024 PRAYER**

The meeting was called to order by the Chairperson at ten O'clock followed by a word of prayer.

**MIN. NO. SEN/CPICSF/10265/2024 ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Maureen Tabitha Mutinda, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Consideration of reports on the scrutiny of audited reports of municipalities in counties;
4. Any Other Business; and
5. Date of the Next Meeting and Adjournment.

**MIN. NO. SEN/CPICSF/10266/2024 CONSIDERATION OF THE DRAFT REPORTS OF THE AUDITOR-GENERAL ON VARIOUS MUNICIPALITIES IN COUNTIES**

The Committee considered the draft reports on the scrutiny of Auditor-General's reports on financial statements of the under listed municipalities in counties-

**a. Financial Year 2020/2021**

NO.	MUNICIPALITY	COUNTY
1.	Eldoret Municipality	Uasin Gishu
2.	Kisii Municipality	Kisii
3.	Kitale Municipality	Trans Nzoia
4.	Lamu Municipality	Lamu
5.	Mwatate Municipality	Taita Taveta
6.	Rumuruti Municipality	Laikipia

**b. Financial Year 2021/2022**

NO.	MUNICIPALITY	COUNTY
-----	--------------	--------

1.	Eldoret Municipality	Uasin Gishu
2.	Kakamega Municipality	Kakamega
3.	Kisii Municipality	Kisii
4.	Kitale Municipality	Trans Nzoia
5.	Lamu Municipality	Lamu
6.	Migori Municipality	Migori
7.	Mumias Municipality	Kakamega
8.	Muranga Municipality	Muranga
9.	Mwatate Municipality	Taita Taveta
10.	Rongo Municipality	Migori
11.	Rumuruti Municipality	Laikipia

c. Financial Year 2022/2023

NO.	MUNICIPALITY	COUNTY
1.	Eldoret Municipality	Uasin Gishu
2.	Kakamega Municipality	Kakamega
3.	Kitale Municipality	Trans Nzoia
4.	Migori Municipality	Migori
5.	Mumias Municipality	Kakamega
6.	Muranga Municipality	Muranga
7.	Rongo Municipality	Migori
8.	Rumuruti Municipality	Laikipia

The Committee directed the secretariat to incorporate the amendments given by the members of the Committee and present the aforementioned reports for adoption in the subsequent meetings.

**MIN. NO. SEN/CPICSF/10267/2024      ANY OTHER BUSINESS**

There was no any other business.

**MIN. NO. SEN/CPICSF/10268/2024      DATE OF NEXT MEETING & ADJOURNMENT**

The Chairperson adjourned the meeting at two o'clock in the afternoon. The next meeting would be called by notice.



2/12/2024

SIGNED: ..... DATE: .....  
(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, MP.)



### 13<sup>TH</sup> PARLIAMENT 3<sup>RD</sup> SESSION

MINUTES OF THE TWO HUNDRED AND THIRTY FIRST SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONFIRMATION OF MINUTES AND THE ADOPTION OF THE REPORTS, HELD ON MONDAY, 2<sup>ND</sup> DECEMBER, 2024 AT COMMITTEE ROOM 10, SECOND FLOOR, BUNGE TOWER AT 1.30 P.M.

#### PRESENT

- |   |               |
|---|---------------|
| 1. Sen. Godfrey Atieno Osotsi, MP       | - Chairperson |
| 2. Sen. William Kipkemoi Kisang, MP     | - Member      |
| 3. Sen. Eddy Gicheru Oketch, MP         | - Member      |
| 4. Sen. Hamida Kibwana Ali, MP          | - Member      |
| 5. Sen. Miraj Abdillahi Abdulrahman, MP | - Member      |
| 6. Sen. Maureen Tabitha Mutinda, MP     | - Member      |

#### ABSENT WITH APOLOGY

- |  |                    |
|--|--------------------|
| 1. Sen. (Prof.) Tom Odhiambo Ojienda, MP | - Vice-Chairperson |
| 2. Sen. Ledama Olekina, MP               | - Member           |
| 3. Sen. Paul Karungo Thangwa, MP         | - Member           |

#### SECRETARIAT

- |                        |                       |
|------------------------|-----------------------|
| 1. Mr. Yussuf Shimoy   | - Clerk Assistant I   |
| 2. Mr. David Angwenyi  | - Clerk Assistant I   |
| 3. Mr. Erick Njogu     | - Clerk Assistant II  |
| 4. Mr. Godfrey Nyaga   | - Clerk Assistant III |
| 5. Mr. Andrew Nyairo   | - Legal counsel       |
| 6. CPA. Kennedy Owuoth | - Fiscal Analyst      |
| 7. Ms. Raisa Mwithi    | - Researcher          |
| 8. Ms. Winnie Atieno   | - Audio officer       |
| 9. Mr. Julia Gachoki   | - Serjeant-at-arms    |

#### IN ATTENDANCE

##### A. OFFICE OF THE AUDITOR GENERAL

- |                      |                   |
|----------------------|-------------------|
| 1. Mr. Tom Ratemo    | - OAG             |
| 2. Mr. Mark Gachanja | - Liaison Officer |

##### B. OFFICE OF THE CONTROLLER OF BUDGET

1. Ms. Constance Wasike - Liaison Officer

### **C. THE NATIONAL TREASURY**

1. Ms. Edith Nkanata - Liaison Officer

### **MIN. NO. SEN/CPICSF/10310/2024 PRAYER**

The meeting was called to order by the Chairperson at thirty minutes past one O'clock in the afternoon followed by a word of prayer.

### **MIN. NO. SEN/CPICSF/10311/2024 ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Maureen Tabitha Mutinda, MP, as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Confirmation of Minutes;
4. Matters arising from the Previous Minutes;
5. Adoption of Reports on Bursary Funds, Hospitals and Municipalities;
6. Any Other Business; and
7. Date of the Next Meeting and Adjournment.

### **MIN. NO. SEN/CPICSF/10312/2024 CONFIRMATION OF THE MINUTES**

The Committee confirmed the following sets of minutes-

- i) The Minutes of the Two Hundred and Twentieth Sitting held on Wednesday, 6<sup>th</sup> November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.
- ii) The Minutes of the Two Hundred and First Sitting held on Wednesday, 6<sup>th</sup> November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.
- iii) The Minutes of the Two Hundred and Second Sitting held on Thursday, 7<sup>th</sup> November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. William Kipkemoi Kisang, MP.
- iv) The Minutes of the Two Hundred and Third Sitting held on Friday, 8<sup>th</sup> November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.

### **MIN. NO. SEN/CPICSF/10313/2024 MATTERS ARISING FROM THE PREVIOUS MINUTES**

There was no matter arising from the previous minutes.

**MIN. NO. SEN/CPICSF/10314/2024**

**ADOPTION OF THE REPORTS OF  
AUDITOR-GENERAL'S REPORTS  
ON THE FINANCIAL  
STATEMENTS ON BURSARY  
FUNDS, HOSPITALS AND  
MUNICIPALITIES**

The Committee adopted the following reports on audited financial statements of Bursary Funds, Hospitals and Municipalities in counties having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP-

1. Reports of the Select Committee on County Public Investments and Special Funds on The Consideration of the Audit Reports of the following County Bursary Funds for the Financial Year 2019/202, 2020/2021 and 2021/2022

NO.	BURSARY FUND	COUNTY
1.	Baringo County Education Bursary and Scholarship Fund	Baringo
2.	Bomet County Bursary Fund	Bomet
3.	Bomet County Education Revolving Fund	Bomet
4.	Bungoma County Education Support Scheme	Bungoma
5.	Elgeyo Marakwet County Education Fund	Elgeyo Marakwet
6.	Garissa County Scholarship Fund	Garissa
7.	Homa Bay County Bursary Fund	Homabay
8.	Kajiado County Bursary Grants and Scholarship Fund	Kajiado
9.	Kericho County Bursary Fund	Kericho
10.	Kiambu County Education Bursary Fund	Kiambu
11.	Kilifi Ward Scholarship Fund	Kilifi
12.	Kirinyaga County Education Bursary Fund	Kirinyaga
13.	Kisii County Bursary Fund	Kisii
14.	Kwale County Bursary Fund	Kwale
15.	Laikipia County Bursary Fund	Laikipia
16.	Lamu County Bursary and Scholarship Fund	Lamu
17.	Machakos County Bursary Fund	Machakos
18.	Makueni County Bursary Fund	Makueni

19.	Mandera County Education Bursary Fund	Mandera
20.	Marsabit County Education Fund Migori	Marsabit
21.	County Ward Development Fund	Migori
22.	Mombasa County Elimu Fund	Mombasa
23.	Nakuru County Bursary Fund	Nakuru
24.	Nandi County Education Fund	Nandi
25.	Narok County Bursary Fund	Narok
26.	Nyamira County Education Bursary Fund	Nyamira
27.	Nyandarua County Bursary Fund	Nyandarua
28.	Nyeri County Elimu Fund	Nyeri
29.	Samburu County Bursary Fund	Samburu
30.	Siaya County Education Bursary Fund	Siaya
31.	Taita Taveta County Education Fund	Taita Taveta
32.	Tana River County Ward Bursary Fund	Tana River
33.	Tharaka Nithi County Bursary Development Fund	Tharaka Nithi
34.	Trans Nzoia County Elimu Bursary Fund	Trans Nzoia
35.	Turkana County Education and Skills Development Fund	Turkana
36.	Uasin Gishu County Bursary and Skills Development Support Fund	Uasin Gishu
37.	Uasin Gishu County Education Revolving Fund	Uasin Gishu
38.	Vihiga County Education Fund	Vihiga
39.	Wajir County Bursary Fund	Wajir
40.	West Pokot County Bursary Fund	West Pokot

2. Report of the Select Committee on County Public Investments and Special Funds on the Consideration of the Audit Reports of the following County Hospitals for the Financial Year 2021/2022.

NO.	HOSPITAL	COUNTY
1.	Kapsabet County Referral Hospital	Nandi
2.	Karatina Sub County Hospital	Nyeri
3.	Kilifi Health Improvement Fund	Kilifi
4.	Kinango Sub-County Hospital	Kwale
5.	Kwale Sub County Hospital	Kwale
6.	Longisa County Referral Hospital	Bomet
7.	Lunga Lunga Sub County Hospital	Kwale
8.	Migori County Level 4 Hospital	Migori

9.	Msambweni Sub-County Hospital	Kwale
10.	Mt. Kenya Sub County Hospital	Nyeri
11.	Mukurweini Sub County Hospital	Nyeri
12.	Othaya Sub County Level 4 Hospital	Nyeri

3. Reports of the Select Committee on County Public Investments and Special Funds on the Consideration of the Audit Reports of the following Municipalities for Financial Years 2020/2021, 2021/2022 and 2022/2023.

**a. Financial Year 2020/2021**

NO.	MUNICIPALITY	COUNTY
1.	Eldoret Municipality	Uasin Gishu
2.	Kisii Municipality	Kisii
3.	Kitale Municipality	Trans Nzoia
4.	Lamu Municipality	Lamu
5.	Mwatate Municipality	Taita Taveta
6.	Rumuruti Municipality	Laikipia

**b. Financial Year 2021/2022**

NO.	MUNICIPALITY	COUNTY
1.	Eldoret Municipality	Uasin Gishu
2.	Kakamega Municipality	Kakamega
3.	Kisii Municipality	Kisii
4.	Kitale Municipality	Trans Nzoia
5.	Lamu Municipality	Lamu
6.	Migori Municipality	Migori
7.	Mumias Municipality	Kakamega
8.	Muranga Municipality	Muranga
9.	Mwatate Municipality	Taita Taveta
10.	Rongo Municipality	Migori
11.	Rumuruti Municipality	Laikipia

**c. Financial Year 2022/2023**

NO.	MUNICIPALITY	COUNTY
1.	Eldoret Municipality	Uasin Gishu

2.	Kakamega Municipality	Kakamega
3.	Kitale Municipality	Trans Nzoia
4.	Migori Municipality	Migori
5.	Mumias Municipality	Kakamega
6.	Muranga Municipality	Muranga
7.	Rongo Municipality	Migori
8.	Rumuruti Municipality	Laikipia

**MIN. NO. SEN/CPICSF/10315/2024      ANY OTHER BUSINESS**

There was no any other business.

**MIN. NO. SEN/CPICSF/10316/2024      DATE OF NEXT MEETING & ADJOURNMENT**

The Chairperson adjourned the meeting at fifteen minutes to two o'clock in the afternoon. The next meeting would be on Thursday, 5<sup>th</sup>, December 2024 at 9:00 am.

2/12/2024

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