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REPUBLIC OF KENYA  
TWELFTH PARLIAMENT - SIXTH SESSION

REPORT OF THE SENATE SESSIONAL COMMITTEE ON COUNTY PUBLIC  
ACCOUNTS AND INVESTMENTS ON THE CONSIDERATION OF THE AUDIT  
REPORTS OF THE FOLLOWING COUNTY ASSEMBLIES FOR THE  
FINANCIAL YEAR 2019/2020-

1. KILIFI;
2. KWALE;
3. TAITA TAVETA;
4. GARISSA;
5. MANDERA;
6. KISUMU;
7. MOMBASA;
8. KISII; AND
9. WAJIR.

COA  
Recommended for  
approval for tabling  
14/06/2022

VOLUME IV

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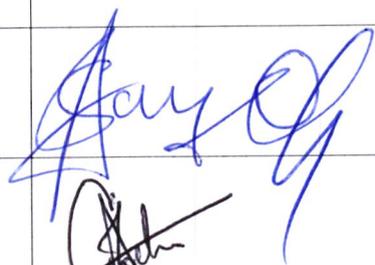
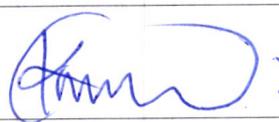
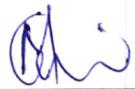
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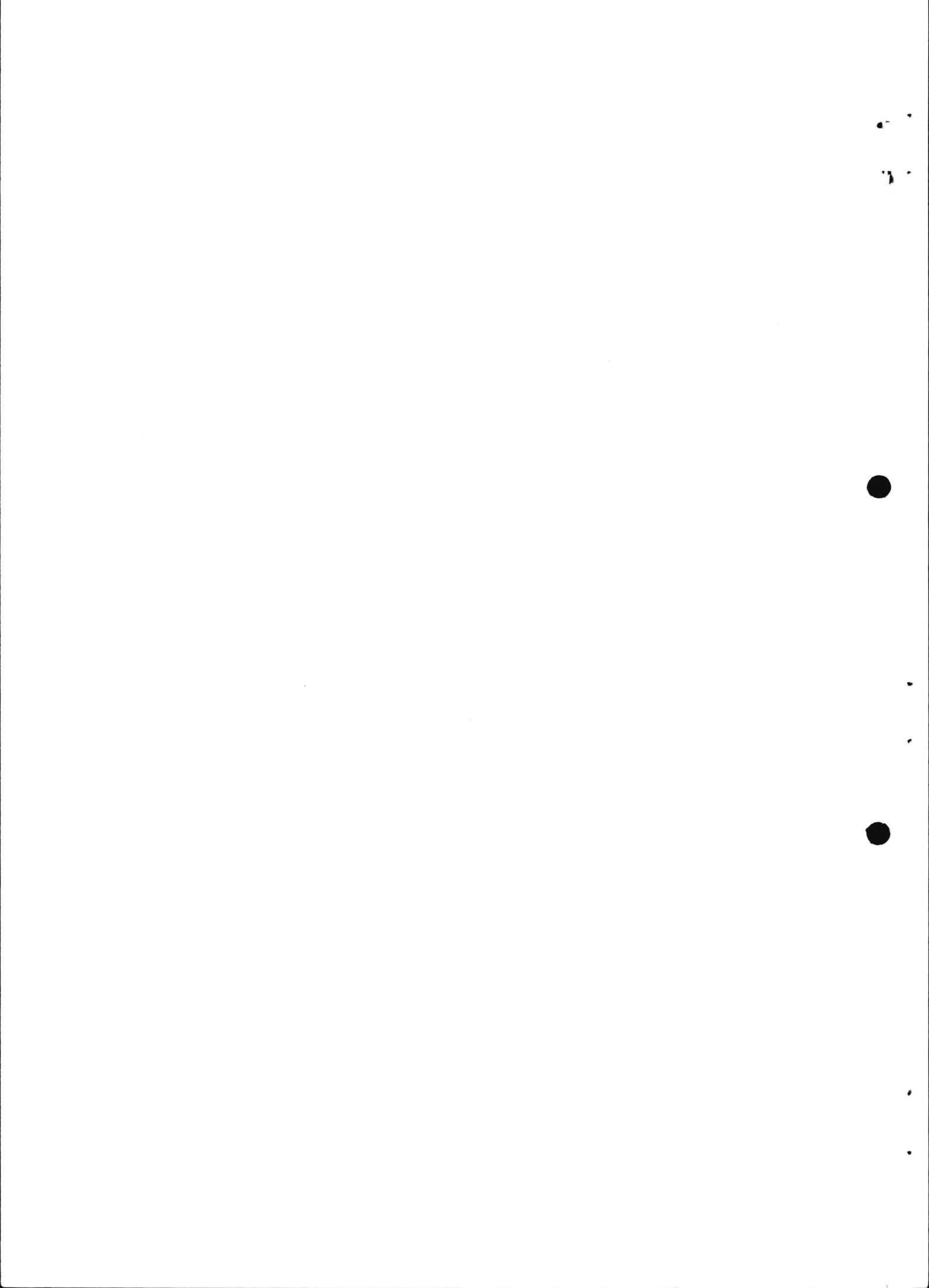
DC-E.G.  
Recommended & Forwarded for Approval  
14/06/22

Approved  
14/06/2022

**ADOPTION OF REPORT LIST****COUNTY PUBLIC ACCOUNTS AND INVESTMENTS COMMITTEE.**

**Adoption of the Reports on the following nine (9) County Assemblies; Garissa; Kwale, Wajir, Mandera, Kisumu, Mombasa, Taita Taveta, Kilifi, and Kisii for the 2019/2020 financial year by the Senate Committee on County Public Accounts and Investments.**

<b>NO.</b>	<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
1.	Sen. (Dr.) Ochilo Ayacko, EGH, MP	Chairman	
2.	Sen. (Eng). Hargura Godana, MP	Vice- Chairperson	
3.	Sen. Adan Dullo Fatuma, CBS, MP	Member	
4.	Sen. Wamatangi Kimani, MP	Member	
5.	Sen. Njeru Ndwiga, EGH, MP	Member	
6.	Sen. Samson Cherarkey, MP	Member	
7.	Sen. (Prof.) Imana Malachy Ekal, MP	Member	
8.	Sen. Johnes Mwaruma, MP	Member	
9.	Sen. Mercy Chebeni, MP	Member	



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## ACRONYMS/ABBREVIATIONS

<b>AIE</b>	-	<b>Authority to Incur Expenditure</b>
<b>BQs</b>	-	<b>Bill of Quantities</b>
<b>CAF</b>	-	<b>County Assemblies Forum</b>
<b>CBK</b>	-	<b>Central Bank of Kenya</b>
<b>CIDP</b>	-	<b>County Integrated Development Plan</b>
<b>COB</b>	-	<b>Controller of Budget</b>
<b>CRA</b>	-	<b>County Revenue Allocation</b>
<b>CRF</b>	-	<b>County Revenue Fund</b>
<b>DSA</b>	-	<b>Daily Subsistence Allowances</b>
<b>EACC</b>	-	<b>Ethics and Anti-Corruption Commission</b>
<b>EGH</b>	-	<b>Elder of the Order of the Golden Heart</b>
<b>ICT</b>	-	<b>Information, Communication Technology</b>
<b>IFMIS</b>	-	<b>Integrated Financial Management System</b>
<b>IPPD</b>	-	<b>Integrated Payroll and Personnel Database</b>
<b>KRA</b>	-	<b>Kenya Revenue Authority</b>
<b>LPOs</b>	-	<b>Local Purchase Orders</b>
<b>LSOs</b>	-	<b>Local Supply Orders</b>
<b>MCAs</b>	-	<b>Members of County Assembly</b>
<b>MP</b>	-	<b>Member of Parliament</b>
<b>OAG</b>	-	<b>Office of the Auditor General</b>
<b>PAYE</b>	-	<b>Pay-As -You Earn</b>
<b>PFM</b>	-	<b>Public Finance Management</b>
<b>PSASB</b>	-	<b>Public Sector Accounting Standards Board</b>
<b>SRC</b>	-	<b>Salaries and Remuneration Commission</b>

## **DEFINITION OF TERMS**

### **Disclaimer**

A disclaimer is when the auditor is unable to review fully an entity's documentation because there is a substantial amount of information that is missing. The absence of information makes it hard and difficult for the Auditor General to make an opinion. In other words, the auditor feels unable to determine whether the situation is qualified or adverse because the paperwork is not adequate. This is a serious lapse in compliance and should be of concern to oversight bodies. A disclaimer indicates that the record keeping is so bad to the extent that the auditor cannot give an opinion.

### **Adverse Opinion**

An adverse opinion is issued when the Auditor General is able to review the entity's documentation supplied for audit purposes and the final audit reveals problems that are widespread and pervasive and will require considerable changes to remedy. This is equivalent to scoring a pass in an examination. Oversight institutions are concerned to recommend remedies to address such anomalies and systems.

### **Qualified Opinion**

This is as a result of Auditor General finding some problems that are not widespread or persistent with documentation and information supplied. The auditor received all the information required for audit. However, after review the audit reveals there are some gaps in adherence and compliance to legal procedures.

### **Unqualified Opinion**

This arises when the Auditor General is satisfied with documentation presented for review. It implies that there are no major problems with documentation and information that were presented for assessment and the funds are managed properly.

## PREFACE

### **Mr. Speaker Sir,**

Committees are a creation of the Constitution through Article 124(1) of the Constitution which empowers each House of Parliament to establish Committees and make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its Committees.

The Senate Sessional Committee on County Public Accounts and Investments is established by the Senate pursuant to Standing Order No. 220 and is mandated-

- a) pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments;
- b) pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments;
- c) to examine special reports, if any, of the Auditor-General on county government funds;
- d) to examine the reports, if any, of the Auditor-General on the county public investments; and
- e) to exercise oversight over county public accounts and investments.

### **Mr. Speaker Sir,**

The membership of the Committee comprises of the following Senators-

- |  |                           |
|--|---------------------------|
| 1. Sen. (Dr.) Ochilo Ayako, EGH, MP    | - <b>Chairperson</b>      |
| 2. Sen. (Eng). Hargura Godana, MP      | - <b>Vice-Chairperson</b> |
| 3. Sen. Adan Dullo Fatuma, CBS, MP     | - Member                  |
| 4. Sen. Wamatangi Kimani, MP           | - Member                  |
| 5. Sen. Njeru Ndwiga, EGH, MP          | - Member                  |
| 6. Sen. Johnes Mwaruma, MP             | - Member                  |
| 7. Sen. (Prof.) Imana Malachy Ekal, MP | - Member                  |
| 8. Sen. Samson Cherarkey, MP           | - Member                  |
| 9. Sen. Mercy Chebeni, MP              | - Member                  |

### **Mr. Speaker Sir,**

The Senate Sessional Committee on County Public Accounts and Investments is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out the ex-post scrutiny of County Governments Budgets.

**Mr. Speaker Sir,**

This report contains Nine (9) reports for nine (9) County Assemblies for the year 2019/2020 listed as volume 1 that were considered and adopted by the Committee.

**Mr. Speaker Sir,**

Being a Sessional Committee, the Committee was constituted at the commencement of the sixth Session in February, 2022 pursuant to Senate Standing Order 219 which requires **Sessional Committees** to be constituted at the commencement of every Session. Therefore, the Committee commenced its business in the month of February, 2022.

## **EXECUTIVE SUMMARY**

The Committee examined the reports of the Auditor-General on the financial statements for Kilifi, Kwale, Taita Taveta, Garissa, Mandera, Kisumu, Mombasa, Kisii, And Wajir County Assemblies for financial year 2019/2020 and identified various fiduciary risks.

During the year under review, all the nine (9) County Assemblies considered under this report had challenges with the provision of documents to the Auditor General for verification. The non-provision of documents therefore, left the Assemblies unable to account for a substantial amount of monies.

The reports also revealed that County Assemblies were not able to apply proper accounting practices and their financial statements were characterised by lack of regular reconciliations. Subsequently, the lack of regular reconciliations resulted to variances between the IFMIS balances and the Financial Statement balances. This practice resulted to inadequate reporting and did not present the accurate position of their financial operations. The counties experienced poor record management and reflecting book keeping errors thus casting doubts on the suitability and qualifications of staff in the county treasuries.

The reports further revealed that a number of counties had weaknesses in executing their budgets. The major cause being the delay in exchequer releases from the National Treasury thereby hampering program implementation and budget execution.

The audit reports also revealed that the Assemblies made payments outside the Integrated Financial Management Information System (IFMIS) platform, contrary to the PFM Act. The habit of processing transactions outside the IFMIS platform could be an avenue to bypass financial controls and may have led to misappropriation of funds.

The reports also revealed that Assemblies abused the imprest process, from the request, approval, surrender and recovery. Imprests remained outstanding after their due dates of surrender, contrary to the provisions of Regulation 93 (5) of the Public Finance Management (County Governments) Regulation, 2015 which requires temporary imprest holders to account for or surrender imprests within seven days after returning to their duty stations. Further, Management breached Regulations 93(6) by failing to recover the outstanding imprests from the salaries of the defaulters.

- During the year under review, the Committee noted that all the Assemblies had not properly updated assets registers despite the Inter-Governmental Technical Relations Committee having handed over their report, hence exposing county assets to risk of loss, wastage and misuse.

The Committee also noted that the Assemblies did not have a Policy on Risk Management, a Disaster Recovery Plan or a Business Continuity plan to help prevent and mitigate against risk. This is contrary to Section 158(1) of the Public Finance Management (County Government) Regulation 2015 which requires the County Government entities to develop risk management strategies which include fraud prevention mechanisms and a system of risk management and internal control that builds robust business operations.

In addition to the observations outlined in this executive summary, this report also contains specific observations and recommendations for respective audit queries for each county assembly.

## **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

The Committee observed that the reports of the Auditor General contained cross cutting audit issues that kept recurring. Consequently, the Committee identified the following general observations and recommendations -

### ***1. Failure to submit documents for Audit to the Office of Auditor General***

The Committee noted that most County Assemblies did not avail the relevant supporting documents to the Auditor General during the audit exercise as required by the Public Audit Act, 2015.

The Committee recommends that the Assemblies accounting officers should take administrative action against officers who fail to provide the documents to the Auditor General within Sixty (60) days from the adoption of this report.

### ***2. Lack of proper accounting and reconciliations***

The reports also revealed that Assemblies did not apply proper accounting practices and their financial statements were characterised by lack of regular reconciliations. Similarly, there was misclassification of expenditure items in the case of some Assemblies. This practice resulted to inadequate reporting and did not present the accurate position of their financial operations.

The Committee recommends that administrative action be taken against the responsible officers in the County Assembly Treasuries for professional negligence and misconduct. The Committee, further, recommends that County Assembly Treasuries should strictly undertake monthly reconciliation and submit to the Auditor General as stipulated under the PFM Act, 2012.

### ***3. Budgetary Control and Performance***

The Committee noted that a number of Assemblies had weaknesses in executing their budgets. The Assemblies under-utilized appropriated funds largely contributed by the delay in exchequer releases from the National Treasury thereby hampering program implementation and budget execution.

The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

**4. *The non-compliance to relevant laws by most County Assemblies.***

The Committee observed that there was failure to observe diversity in employment as required by Section 65(1) (e) of County Government Act on ethnic inclusivity.

The Committee recommends that the Assemblies should give a road map on how to ensure compliance is achieved within sixty (60) days from the adoption of this report.

**5. *Outstanding Imprests***

The Committee noted that the Assemblies held outstanding imprest beyond the stipulated period.

The Committee recommends that:

- (i) the Accounting Officers should recover the imprest with interest as per provisions of the PFM (County Governments) Regulation, Regulation 93 (6); and
- (ii) the accounting officer should ensure that administrative action is taken against the imprest holders and the respective Accounting Officers who failed to surrender and recover respectively.

**6. *Lack of an Updated Fixed Asset Register***

The Committee observed that all the Assemblies had not updated assets registers exposing Assembly assets to risk of loss, waste and misuse. The Committee further noted that the National Treasury issued Circular No. 5/2020 of 25th February, 2020 on the preparation of asset registers for county governments.

The Committee recommends that the Assemblies should have updated fixed assets registers in the format prescribed by the National Treasury and submit the same to the Auditor General for audit within sixty (60) days from the adoption of this report.

**7. *Lack of Risk Management Policy Framework***

The Committee observed that some Assemblies lacked risk management policies.

**The Committee recommends that Assemblies should have risk management policies in place and provide status report to the auditors and the Committee within 60 days upon the adoption of this report.**

**Other Recommendations.**

The report also contains specific recommendations for respective audit queries for the 2019/2020 financial years for each county report.

## **INTRODUCTION**

### **Legal Framework**

Article 174 of the Constitution sets out the objects of devolution and gives power to the people for self-governance through participation of the people in the exercise of decisions affecting them and managing their own affairs and development. Key to this feature is ensuring equitable sharing of resources.

Article 201 of the Constitution outlines the principles of public finance management to be observed at both levels of government and these includes openness, accountability, public participation, prudent and responsible financial management.

### **Office of the Auditor-General**

The Office of the Auditor-General forwards reports on the financial operations of the County Governments for specific financial years to the Senate pursuant to the provisions of Article 229(7). The reports, once tabled, stand committed to the Sessional Committee on County Public Accounts and Investments.

### **Sittings of the Committee**

The Committee received evidence from the Clerk of the County Assembly as the Chief Executive Officers to the Assembly, since the sittings were primarily investigatory. The members of the County Assembly Service Board and other County Assembly officials accompanied the CEOs to the meetings of the Committee.

### **Issues for Determination**

The main issues for investigation and determination were the various audit queries contained in the report of the Auditor-General on the financial operations of the various counties for the financial year 2019/2020.

This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya and the Senate Standing Order 213.

### **Guiding Principles**

The Committee in arriving at particular recommendations took into account the responses given by the County management, the mitigation measures by the counties, and the fact

that some issues that required immediate attention having been overtaken by events. The Committee was further guided by the mandate of the Senate pursuant to the provisions of Article 96(1) of the Constitution; particularly the need to strike a balance between protection of the counties *vis-a-vis* the oversight role of the Senate over counties in accordance with the provisions of Article 96(1) and 96(3) of the Constitution respectively.

Where any breach of law has an attendant remedy, consequence or penalty in law, recommendations of this report do not preclude any liability that may arise as a result of any legal action within the breach of the prescribed law.

**ACKNOWLEDGEMENTS**

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General's Reports. The Committee further appreciates the cooperation it received from the various CEOs of the County Governments under consideration.

Final appreciation goes to the distinguished and dedicated members of the Committee and secretariat who actively participated and facilitated the proceedings.

**Mr. Speaker Sir,**

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

**Mr. Speaker,**

It is therefore my pleasant duty and privilege, on behalf of the Senate Sessional Committee on County Public Accounts and Investments to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 213(6).

**SIGNED:**   
.....

**DATE:** 11/06/22 .....

**SEN. (DR.) OCHILO AYACKO, EGH, MP CHAIRPERSON**

**CHAPTER ONE: KILIFI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019-2020**

The Speaker of Kilifi County Assembly, **Hon. Jimmy Kahindi** and the Clerk **Mr. Michael Ngala**, appeared before the committee on Friday, 13<sup>th</sup> May, to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kilifi County Assembly for the Financial Year 2019/2020.

**Qualified Opinion**

**1.0. Variances Between Financial Statements and IFMIS**

The statement of receipts and payments for the year ended 30 June, 2020 reflects total receipts and payments of Kshs. 999,517,108 and Kshs. 1,002,100,930 respectively. However, data extracted from the Integrated Financial Management System reflects total receipts of Kshs. 890,886,608 and payments of Kshs. 938,058,667 as shown below:

<b>Component</b>	<b>Financial Statements Figures</b>	<b>IFMIS Payment Details</b>	<b>Variance</b>
<b>Receipts</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from the County Treasury/Exchequer Releases	999,517,108	890,886,608	108,630,500
<b>Payments</b>			
Compensation of Employee	384,968,434	370,223,014	14,745,419
Use of Goods and Services	399,052,549	328,664,615	70,390,933
Social Security Benefits	19,670,914	17,989,637	1,681,276
Acquisition of Assets	166,349,315	189,181,401	(22,832,086)
Car loan mortgage	32,000,000	32,000,000	-

Although the Management attributed the variances to receipts and payments not posted in the Integrated Financial Management System, evidence that reconciliation was subsequently done had not been provided for audit verification.

Consequently, the completeness and accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.

## Management Responses

The figures in the Financial Statement stand to be the correct figures as reported in the Statements. Some receipts and payments were journalized into the system but due to technicalities with the system, failed to be captured. For this reason, the votes in the system were less than the figures reported in the financial statements, resulting to the variances.

The County Assembly has tried to reconcile the receipts and payments and noted the following variances: -

### Transfer from the County Treasury/Exchequers release Kshs. 108,630,500

The following transactions were noted to have not been captured into the Integrated financial information system (IFMIS) as evidenced in the Central Bank of Kenya Bank Statements.

The County Assembly of Kilifi had reconciled the figures in the IFMIS and the financial statements as stated here below:

1<sup>st</sup> quarter-----figures agreed

2<sup>nd</sup> quarter-----figures agreed

3<sup>rd</sup> quarter. Transaction submitted twice FT200851XRXD of Kshs. 7,917,000 dated 25<sup>th</sup> March, 2020.

4<sup>th</sup> quarter. The following were not captured into the IFMIS.

25.06.2020	FT2017740YES	8,128,100
25.06.2020	FT20177W6C6W	47,623,900
29.06.2020	FT201772R58K	17,455,500
30.06.2020	FT20182Y7LTM	14,340,000
		<u>119,547,500</u>
<b>Less:</b>	<b>Erroneously invoiced</b>	<u>3,000,000</u>
	<b>(A refer to drawer)</b>	
		<b><u>116,547,500</u></b>

## PAYMENTS

### **Compensation of Employees Kshs. 14,745,419.**

The following transactions were not captured in the IFMIS. However, journal entries were made to reflect the same.

### **Use of goods and services Kshs. 70,390,933.**

Management appended all transactions that were not captured in the IFMIS.

### **Social Security Benefits Kshs. 1,681,276.**

The following transactions were not captured in the IFMIS.

### **Acquisition of Assets Kshs. (22,832,086)**

The County Assembly of Kilifi has done the reconciliation of the figures as here below:

Figures in the IFMIS details- KSh 189,181,401

Less:

Erroneously transactions posted in the development vote heads.

- Car and mortgage transaction 32,000,000
  - Purchase of office furniture  
and other equipment 2,554,202
  - Purchase of  
Specialized equipment 2,080,275
  - Withholding tax that was captured twice  
After the suppliers' invoices were voided at some point
- |           |            |                |
|-----------|------------|----------------|
| 26.6.2020 | 46,481.05  |                |
| 26.6.2020 | 114,997.20 |                |
| 26.6.2020 | 133,880.25 |                |
| 26.6.2020 | 218,810.50 |                |
| 26.6.2020 | 182,860.00 | <u>697,610</u> |
|           |            | 37,332,087     |

Add:

Development transactions erroneously not captured in the IFMIS summary sheet  
14,500,000

Figures as shown in the financial statements **166,349,315**

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **2.0. Basic Salaries of Temporary Employees**

The statement of receipts and payments reflects an expenditure of Kshs. 384,968,434 under compensation of employees which, as disclosed in Note 2 to the financial statements, includes an amount of Kshs. 40,501,085 paid as basic wages for temporary employees. However, the amount of Kshs. 40,501,085 was paid outside the integrated Personnel Payroll Database (IPPD) and was not supported with contracts of employment between the employees and the County Assembly. Copies of academic and professional certificates of employees were also not confirmed.

Consequently, the accuracy and validity of the expenditure of Kshs. 40,501,085 incurred on basic wages for temporary employees could not be confirmed.

#### **Management Responses**

The County Assembly of Kilifi with the help of the human resource department conducted interview for the contracted ward employees. The successful applicants were awarded contract agreement to sign. The ward staffs are on contract basis hence have no personal numbers and therefore, are not paid through IPPD.

Management has made available the copies of the contract agreement for verification. Also the academic and professional certificates of the employees contracted.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **3.0. Unsupported Expenditure**

The statement of receipts and payments reflects payments totaling Kshs. 399,052,549 under use of goods and services which, as disclosed in Note 3 to the financial statements, includes an amount of Kshs. 178,846,115 relating to domestic travel and subsistence allowances. However, the expenditure was not supported with requisitions from heads of Departments, imprest warrants, work tickets, boarding passes, bus tickets or taxi tickets and surrender vouchers.

Under the circumstances, the propriety of the expenditure of Kshs. 178,846,115 incurred on domestic travel and subsistence could not be confirmed.

## **Management Responses**

The payment vouchers well supported with the appropriate evidence including authority for members to sit outside the County Assembly precincts, imprest warrants, boarding passes, work tickets have all been forwarded to the Auditor General for verification.

## **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **Other Matter**

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

#### **1.1. Receipts and Payments Budgets**

The statement of comparison of budget and actual amounts – recurrent and development combined for the year ended 30 June, 2020 reflects final receipts budget and actual on comparable basis totaling Kshs. 1,003,455,640 and Kshs. 999,517,108 respectively, resulting to an under-funding of Kshs. 3,938,532. Similarly, the County Assembly spent Kshs. 1,002,100,930 against an approved budget of Kshs. 976,877,640 resulting to an over-expenditure of Kshs. 25,223,290 or 25.8% of the budget. The over-expenditure mainly occurred under use of goods and services where a total of Kshs. 399,052,549 was spent against an approved budget of Kshs. 282,115,851, resulting in an over-expenditure of Kshs. 116,936,698 or 41% of the budget.

## **Management Response**

The underfunding of Kshs. 3,938,532 was as a result of cash not requested from National Treasury after realizing the contractor was not on site due to COVID 19 Pandemic.

The over expenditure came about as a result of mitigating the effect of COVID 19 pandemic which had not been budgeted for.

## **Committee's Observations and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.2. Late Exchequer Release**

During the year under review, the County Assembly budgeted for Exchequer releases of Kshs. 1,003,455,640 but received a total of Kshs. 999,517,108 out of which Exchequer

releases totaling Kshs. 55,752,000 were released by the County Treasury on 22 June, 2020. The late Exchequer releases of Kshs. 55,752,000 contributed to the under absorption of budget of Kshs. 25,223,290 or 17%.

### **Management Responses**

COVID 19 being an exogenous factor contributed to late submission of the exchequer release by both County Treasury and the National Treasury.

### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to county government in line with the cash disbursement schedules approved by the Senate.**

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

### **1. Acquisition of Assets**

The statement of receipts and payments reflects an expenditure of Kshs. 166,349,315 under acquisition of assets which, as disclosed in Note 6A to the financial statements, includes an amount of Kshs. 149,434,973 in respect of construction of buildings (Assembly's Office Complex). As reported previously, the project was started in the year 2016/2017 at a contract sum of Kshs. 508,549,884. However, due to poor performance of the contractor, the contract was terminated, and the Management engaged another contractor at a contract sum of Kshs. 622,233,278, resulting in an excess commitment of Kshs. 113,683,394.

As audit inspection of the project in the month of December 2020, revealed that the work was in progress and the estimated project completion date of 15 September, 2019 had expired.

Consequently, delayed completion and additional costs of the project may deny the residents of Kilifi value for money.

### **Management Responses**

The excess commitment resulted from the increase in prices of both materials and labour as shown in the new BQ that was used as a basis to award the new contract. The first

contract was entered in 12<sup>th</sup> February 2016 and the new existing contract on 12<sup>th</sup> March 2018.

Due to the changes of plan by the Ministry of Housing and public works from a two-storey building to three, the assembly had embarked on fresh advertisement to get the most qualified Contractor to complete the project.

### **Committee's Observation and Recommendations**

**The Committee observed that the project was still incomplete beyond the stipulated contractual period.**

**The Committee recommends that-**

- **The County undertakes due diligence on all contractors and disqualify those who abandon works; and**
- **The Auditor General should audit the projects to ascertain the completion and utilization of the said projects and the County Assembly takes immediate action to finish the incomplete projects and provide information on the project status, and plans to complete them, within 60 days from the adoption of this report.**

### **2.0. Outstanding Imprests.**

The statement of assets and liabilities reflects a balance of Kshs. 4,170,582 under accounts receivables-outstanding imprests which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs. 3,688,582 relating to imprests. Records provided for audit review indicated that imprests amount to Kshs. 584,710 had not been surrendered on the due dates contrary to Section 152(3) of the Public Finance Management Act, 2012 which requires an officer to whom cash is advanced to account for the advance within seven days from the date of travel.

Under the circumstances, the County Assembly breached the Law.

### **Management Responses**

The outstanding imprests of Kshs. 584,710 were all fully surrendered by the respective imprest holders.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

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

### **1.0 Failure to Constitute an Audit Committee**

As reported in the previous year, the County Assembly had not constituted an Audit Committee, contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires each public entity to establish an Audit Committee.

#### **Management Responses**

The audit committee was established on 12<sup>th</sup> February 2019, when all the three successful applicants were awarded their employment letters. The committee has been operational since then and evidence of minutes in their proceedings are provided for verification.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **CHAPTER TWO: KWALE COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020**

The Speaker of Kwale County Assembly, **Hon. Sammy N. Ruwa** and Clerk **Ms. Fatuma Mwalupa**, appeared before the committee on, Friday, 13<sup>th</sup> May to respond (under oath) to audit queries raised in the Report of the Auditor General on financial statements for Kwale County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1. Inaccuracies in Bank Balance**

The statement of financial assets and liabilities and as disclosed under Note 13A to the financial statements reflects a bank balance of Kshs.55,231,226 as at 30 June, 2020. However, the bank balance was arrived at after offsetting an amount of Kshs. 368,784 relating to Central Bank of Kenya Development Account cashbook overdraft. This was contrary to Paragraph 48 of the International Public Sector Accounting Standard (IPSAS) No.1 which provides that assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by a standard.

Consequently, the bank balance of Kshs.55,231,226 as at 30 June, 2020 is inaccurate.

#### **Management Response**

The cashbook overdraft was occasioned by a recurrent expenditure erroneously done through the development account; however, the amount was reversed back to development account as indicated in the bank Reconciliation annexed.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **2.0. Irregular Payment of Compensation of Employees**

The statement of receipts and payments and as disclosed under Note 4 to the financial statements reflects compensation of employees' expenditure of Kshs.251,878,861 as at 30 June, 2020. Included in the above amount are personal allowances paid as part of salary of Kshs.92,631,108, out of which Kshs.865,920 relates to subsistence allowances. Further,

**CHAPTER ONE: KILIFI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019-2020**

The Speaker of Kilifi County Assembly, **Hon. Jimmy Kahindi** and the Clerk **Mr. Michael Ngala**, appeared before the committee on Friday, 13<sup>th</sup> May, to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kilifi County Assembly for the Financial Year 2019/2020. 3

**Qualified Opinion**

**1.0. Variances Between Financial Statements and IFMIS**

The statement of receipts and payments for the year ended 30 June, 2020 reflects total receipts and payments of Kshs. 999,517,108 and Kshs. 1,002,100,930 respectively. However, data extracted from the Integrated Financial Management System reflects total receipts of Kshs. 890,886,608 and payments of Kshs. 938,058,667 as shown below:

<b>Component</b>	<b>Financial Statements Figures</b>	<b>IFMIS Payment Details</b>	<b>Variance</b>
<b>Receipts</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from the County Treasury/Exchequer Releases	999,517,108	890,886,608	108,630,500
<b>Payments</b>			
Compensation of Employee	384,968,434	370,223,014	14,745,419
Use of Goods and Services	399,052,549	328,664,615	70,390,933
Social Security Benefits	19,670,914	17,989,637	1,681,276
Acquisition of Assets	166,349,315	189,181,401	(22,832,086)
Car loan mortgage	32,000,000	32,000,000	-

Although the Management attributed the variances to receipts and payments not posted in the Integrated Financial Management System, evidence that reconciliation was subsequently done had not been provided for audit verification.

Consequently, the completeness and accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.

## Management Responses

The figures in the Financial Statement stand to be the correct figures as reported in the Statements. Some receipts and payments were journalized into the system but due to technicalities with the system, failed to be captured. For this reason, the votes in the system were less than the figures reported in the financial statements, resulting to the variances.

The County Assembly has tried to reconcile the receipts and payments and noted the following variances: -

### Transfer from the County Treasury/Exchequers release Kshs. 108,630,500

The following transactions were noted to have not been captured into the Integrated financial information system (IFMIS) as evidenced in the Central Bank of Kenya Bank Statements.

The County Assembly of Kilifi had reconciled the figures in the IFMIS and the financial statements as stated here below:

1<sup>st</sup> quarter-----figures agreed

2<sup>nd</sup> quarter-----figures agreed

3<sup>rd</sup> quarter. Transaction submitted twice FT200851XRXD of Kshs. 7,917,000 dated 25<sup>th</sup> March, 2020.

4<sup>th</sup> quarter. The following were not captured into the IFMIS.

25.06.2020	FT2017740YES	8,128,100
25.06.2020	FT20177W6C6W	47,623,900
29.06.2020	FT201772R58K	17,455,500
30.06.2020	FT20182Y7LTM	<u>14,340,000</u>
		<u>119,547,500</u>

Less: Erroneously invoiced 3,000,000  
(A refer to drawer)

**116,547,500**

**PAYMENTS**

**Compensation of Employees Kshs. 14,745,419.**

The following transactions were not captured in the IFMIS. However, journal entries were made to reflect the same.

**Use of goods and services Kshs. 70,390,933.**

Management appended all transactions that were not captured in the IFMIS.

**Social Security Benefits Kshs. 1,681,276.**

The following transactions were not captured in the IFMIS.

**Acquisition of Assets Kshs. (22,832,086)**

The County Assembly of Kilifi has done the reconciliation of the figures as here below:

Figures in the IFMIS details- KSh 189,181,401

Less:

Erroneously transactions posted in the development vote heads.

- Car and mortgage transaction 32,000,000
  - Purchase of office furniture and other equipment 2,554,202
  - Purchase of Specialized equipment 2,080,275
  - Withholding tax that was captured twice  
After the suppliers' invoices were voided at some point
- |           |            |                |            |
|-----------|------------|----------------|------------|
| 26.6.2020 | 46,481.05  |                |            |
| 26.6.2020 | 114,997.20 |                |            |
| 26.6.2020 | 133,880.25 |                |            |
| 26.6.2020 | 218,810.50 |                |            |
| 26.6.2020 | 182,860.00 | <u>697,610</u> | 37,332,087 |

Add:

Development transactions erroneously not captured in the IFMIS summary sheet  
14,500,000

Figures as shown in the financial statements **166,349,315**

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **2.0. Basic Salaries of Temporary Employees**

The statement of receipts and payments reflects an expenditure of Kshs. 384,968,434 under compensation of employees which, as disclosed in Note 2 to the financial statements, includes an amount of Kshs. 40,501,085 paid as basic wages for temporary employees. However, the amount of Kshs. 40,501,085 was paid outside the integrated Personnel Payroll Database (IPPD) and was not supported with contracts of employment between the employees and the County Assembly. Copies of academic and professional certificates of employees were also not confirmed.

Consequently, the accuracy and validity of the expenditure of Kshs. 40,501,085 incurred on basic wages for temporary employees could not be confirmed.

#### **Management Responses**

The County Assembly of Kilifi with the help of the human resource department conducted interview for the contracted ward employees. The successful applicants were awarded contract agreement to sign. The ward staffs are on contract basis hence have no personal numbers and therefore, are not paid through IPPD.

Management has made available the copies of the contract agreement for verification. Also the academic and professional certificates of the employees contracted.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **3.0. Unsupported Expenditure**

The statement of receipts and payments reflects payments totaling Kshs. 399,052,549 under use of goods and services which, as disclosed in Note 3 to the financial statements, includes an amount of Kshs. 178,846,115 relating to domestic travel and subsistence allowances. However, the expenditure was not supported with requisitions from heads of Departments, imprest warrants, work tickets, boarding passes, bus tickets or taxi tickets and surrender vouchers.

Under the circumstances, the propriety of the expenditure of Kshs. 178,846,115 incurred on domestic travel and subsistence could not be confirmed.

## **Management Responses**

The payment vouchers well supported with the appropriate evidence including authority for members to sit outside the County Assembly precincts, imprest warrants, boarding passes, work tickets have all been forwarded to the Auditor General for verification.

## **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **Other Matter**

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

#### **1.1. Receipts and Payments Budgets**

The statement of comparison of budget and actual amounts – recurrent and development combined for the year ended 30 June, 2020 reflects final receipts budget and actual on comparable basis totaling Kshs. 1,003,455,640 and Kshs. 999,517,108 respectively, resulting to an under-funding of Kshs. 3,938,532. Similarly, the County Assembly spent Kshs. 1,002,100,930 against an approved budget of Kshs. 976,877,640 resulting to an over-expenditure of Kshs. 25,223,290 or 25.8% of the budget. The over-expenditure mainly occurred under use of goods and services where a total of Kshs. 399,052,549 was spent against an approved budget of Kshs. 282,115,851, resulting in an over-expenditure of Kshs. 116,936,698 or 41% of the budget.

## **Management Response**

The underfunding of Kshs. 3,938,532 was as a result of cash not requested from National Treasury after realizing the contractor was not on site due to COVID 19 Pandemic.

The over expenditure came about as a result of mitigating the effect of COVID 19 pandemic which had not been budgeted for.

## **Committee's Observations and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.2. Late Exchequer Release**

During the year under review, the County Assembly budgeted for Exchequer releases of Kshs. 1,003,455,640 but received a total of Kshs. 999,517,108 out of which Exchequer

releases totaling Kshs. 55,752,000 were released by the County Treasury on 22 June, 2020. The late Exchequer releases of Kshs. 55,752,000 contributed to the under absorption of budget of Kshs. 25,223,290 or 17%.

### **Management Responses**

COVID 19 being an exogenous factor contributed to late submission of the exchequer release by both County Treasury and the National Treasury.

### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to county government in line with the cash disbursement schedules approved by the Senate.**

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

### **1. Acquisition of Assets**

The statement of receipts and payments reflects an expenditure of Kshs. 166,349,315 under acquisition of assets which, as disclosed in Note 6A to the financial statements, includes an amount of Kshs. 149,434,973 in respect of construction of buildings (Assembly's Office Complex). As reported previously, the project was started in the year 2016/2017 at a contract sum of Kshs. 508,549,884. However, due to poor performance of the contractor, the contract was terminated, and the Management engaged another contractor at a contract sum of Kshs. 622,233,278, resulting in an excess commitment of Kshs. 113,683,394.

As audit inspection of the project in the month of December 2020, revealed that the work was in progress and the estimated project completion date of 15 September, 2019 had expired.

Consequently, delayed completion and additional costs of the project may deny the residents of Kilifi value for money.

### **Management Responses**

The excess commitment resulted from the increase in prices of both materials and labour as shown in the new BQ that was used as a basis to award the new contract. The first

contract was entered in 12<sup>th</sup> February 2016 and the new existing contract on 12<sup>th</sup> March 2018.

Due to the changes of plan by the Ministry of Housing and public works from a two-storey building to three, the assembly had embarked on fresh advertisement to get the most qualified Contractor to complete the project.

### **Committee's Observation and Recommendations**

**The Committee observed that the project was still incomplete beyond the stipulated contractual period.**

**The Committee recommends that-**

- **The County undertakes due diligence on all contractors and disqualify those who abandon works; and**
- **The Auditor General should audit the projects to ascertain the completion and utilization of the said projects and the County Assembly takes immediate action to finish the incomplete projects and provide information on the project status, and plans to complete them, within 60 days from the adoption of this report.**

### **2.0. Outstanding Imprests.**

The statement of assets and liabilities reflects a balance of Kshs. 4,170,582 under accounts receivables-outstanding imprests which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs. 3,688,582 relating to imprests. Records provided for audit review indicated that imprests amount to Kshs. 584,710 had not been surrendered on the due dates contrary to Section 152(3) of the Public Finance Management Act, 2012 which requires an officer to whom cash is advanced to account for the advance within seven days from the date of travel.

Under the circumstances, the County Assembly breached the Law.

### **Management Responses**

The outstanding imprests of Kshs. 584,710 were all fully surrendered by the respective imprest holders.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

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

### **1.0 Failure to Constitute an Audit Committee**

As reported in the previous year, the County Assembly had not constituted an Audit Committee, contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires each public entity to establish an Audit Committee.

#### **Management Responses**

The audit committee was established on 12<sup>th</sup> February 2019, when all the three successful applicants were awarded their employment letters. The committee has been operational since then and evidence of minutes in their proceedings are provided for verification.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **CHAPTER TWO: KWALE COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020**

The Speaker of Kwale County Assembly, **Hon. Sammy N. Ruwa** and Clerk **Ms. Fatuma Mwalupa**, appeared before the committee on, Friday, 13<sup>th</sup> May to respond (under oath) to audit queries raised in the Report of the Auditor General on financial statements for Kwale County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1. Inaccuracies in Bank Balance**

The statement of financial assets and liabilities and as disclosed under Note 13A to the financial statements reflects a bank balance of Kshs.55,231,226 as at 30 June, 2020. However, the bank balance was arrived at after offsetting an amount of Kshs. 368,784 relating to Central Bank of Kenya Development Account cashbook overdraft. This was contrary to Paragraph 48 of the International Public Sector Accounting Standard (IPSAS) No.1 which provides that assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by a standard.

Consequently, the bank balance of Kshs.55,231,226 as at 30 June, 2020 is inaccurate.

#### **Management Response**

The cashbook overdraft was occasioned by a recurrent expenditure erroneously done through the development account; however, the amount was reversed back to development account as indicated in the bank Reconciliation annexed.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **2.0. Irregular Payment of Compensation of Employees**

The statement of receipts and payments and as disclosed under Note 4 to the financial statements reflects compensation of employees' expenditure of Kshs.251,878,861 as at 30 June, 2020. Included in the above amount are personal allowances paid as part of salary of Kshs.92,631,108, out of which Kshs.865,920 relates to subsistence allowances. Further,

the personal allowances paid as part of salary include a debit adjustment of Kshs. 430,000 in the ledger which was not supported by a journal entry. The Management did not explain why subsistence allowances were captured as personal allowances paid as part of salary or give explanations for lack of the journal vouchers.

Consequently, the accuracy of compensation of employees' expenditure of Kshs. 251,878,861 as at 30 June, 2020 could not be confirmed.

### **Management Response**

The posting of Ksh. 865,920 relates to tender and evaluation committee sitting allowances. It was a posting error paid through daily subsistence allowance vote, which had adequate Budget for the Expenditure. Consequently, the journal for Ksh, 430,000 was to correct a wrong classification of an expenditure of telephone wrongly posted under operations and Maintenance instead of Salary Item.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **3.0 Use of Goods and Services**

The statement of receipts and payments for the year ended 30 June, 2020 reflects use of goods and services expenditure of Kshs.314,284,552 and as disclosed in Note 5 to the financial statements. The following issues were identified

#### **3.1 Domestic Travel and Subsistence Allowances**

Included in use of goods and service amount is Kshs.314,284,552 and as disclosed in Note 5 to the financial statements is domestic travel and subsistence allowances expenditure of Kshs.110,186,658 out of which an amount of Kshs.3,301,425 was not supported by invitation letters, programs of work, evidence of workshop attendance, reasons for holding meetings out of normal station of work and reports of findings after undertaking benchmarking tours.

In addition, temporary imprests amount of Kshs.59,246,574 advanced to staff and Members of County Assembly were expensed under subsistence allowances account before the respective imprest holders had accounted for or surrendered the same.

Consequently, the accuracy, completeness and validity of domestic travel and subsistence allowances expenditure of Kshs.110,186,658 for the year ended 30 June, 2020 could not be confirmed.

**Management Response**

<b>RESPONSE ON DOMESTIC TRAVEL AND SUBSISTENCE</b>				
<b>PV.No.</b>	<b>Participants</b>	<b>Payment Description</b>	<b>Amount</b>	<b>Management Response</b>
PV 11/49	PIAC Committee and Staff	Subsistence to PIAC members and Staff at Mombasa	630,000.00	that the Activity Required extensive engagement due to its nature of sensitivity hence the need to have it outside the assembly Precincts out of regular work activities.
PV 11/29	Staff	Subsistence to Staff at English Point of E-Sourcing Training	252,000.00	The training on E-Sourcing is wide and required adequate training and subsequent implementation. The activity was not a duplication but rather a continuation of a training in periods stated as evidenced in the programs of activities attached.
PV 14/31	Staff	Payment for Subsistence to Staff during tender Evaluation	344,625.00	The Activity Required extensive engagement as it involved opening and Evaluation of multiple supplies which required adequate time and space for the evaluation committee to undertake the activity out of Normal work schedules.
PV 11/03	Staff	Payment of Subsistence to Staff during CPST CASB Training	179,200.00	The Members of Staff had accompanied members of the County Assembly Service board on a training conducted by Center for Parliamentary Studies (Who were the Conveners) in Mombasa.

PV 9/57	Staff	Payment of Staff on a capacity building workshop at Mombasa	1,313,200.00	The Workshop occurred as evidenced by the List of Attendance Attached. Further the workshop was convened by the Assembly management on strengthening of its internal Control systems hence no invitation on the same.
PV 10/07	CASB and Staff	Payment of Subsistence to Board members and staff at a meeting in Mombasa	582,400.00	The Meeting was held outside the offices. This was due to the nature and extensiveness of the business to be undertaken by the Board away from their normal day to day work at the office.

### **Committee's Observations and Recommendation**

**The Committee observed that the Assembly had failed to account for Ksh. 1.5 million under domestic travel and subsistence allowances.**

**The Committee recommends that the EACC investigates the Clerk of the Assembly on failure to account for Kshs. 1.5 million with a view to recommending prosecution.**

### **3.2 Foreign Travel and Subsistence Allowances**

Included in use of goods and service amount is Kshs.314,284,552 and as disclosed in Note 5 to the financial statements is foreign travel and subsistence allowances expenditure of Kshs.28,560,939 out of which an amount of Kshs.2,644,620 was not supported by training needs assessment, relevant travel documents, certificates of participation, signed attendance registers and reports from seminars and trainings attendance.

Consequently, the accuracy, completeness and validity of foreign travel and subsistence allowances expenditure of Kshs.28,560,939 for the year ended 30 June, 2020 could not be confirmed.

### **Management Response**

<b>RESPONSE ON FOREIGN TRAVEL</b>				
<b>PV.No</b>	<b>Participants</b>	<b>Payment Description</b>	<b>Amount</b>	<b>Management Response</b>
PV 01/12	Members and Staff	Payment of Subsistence to Members and Staff to Malaysia	1,492,400.00	The Invitation to malaysia, Programe of Activities ,take home reports on the Educational Tour have been provided.
PV 9/60	CASB and Staff	Payment of Subsistence to CASB members and staff at Ethiopia	1,152,220.48	The Attendance List, Invitation, Program of Activities and Take home Report on the Ethiopia tour has been provided.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **3.3 Training Costs**

Included in use of goods and service amount is Kshs.314,284,552 and as disclosed in Note 5 to the financial statements is training expenses of Kshs.24,047,697 which further includes an amount of Kshs.18,149,239 in respect of provision of local and foreign training services. Kshs.4,297,800 was spent on training Members of County Assembly but it was not supported with training needs assessment reports, approval of training, identification of those to be trained and back to office reports.

Consequently, the propriety and validity of training expenses amounting to Kshs.4,297,800 could not be confirmed.

### **Management Response**

<b>RESPONSE ON TRAINING</b>				
<b>PV.No.</b>	<b>Trainer</b>	<b>Payment Description</b>	<b>Amount</b>	<b>Management Response</b>
PV CBK 12/97	Trade Magnet	Provision of Training on Multi Actor governance, policy and local development Processes at Dubai	2,349,000.00	The Invitation to the training, programme of activities and Take home Report have been provided.
PV CBK 2/47	Train Consult	Provision of Training Agribusiness and Tourism Value chain for businesses	1,948,800.00	The attendance List, Invitation, Program of Activities and take home report have been Provided.

### **Committee's Observation and Recommendation**

**The Committee observed that the Assembly had failed to account for Kshs. 1, 948,800.**

**The Committee recommends that the EACC investigates the Clerk of the Assembly for failure to account for Kshs. 1, 948,800 with a view to recommending prosecution.**

### **3.4 Other Operating Expenses – Legal Expenses**

Included in use of goods and services and as disclosed in Note 5 to the financial statements is other operating expenses of Kshs.23,498,956 out of which an amount of Kshs.12,563,310 is in respect of legal fees paid to private law firms representing the County Assembly on various legal matters. However, the Management did not provide the case files and details of instructions from the County Assembly for representation for audit review. Further, approval and concurrence by the Attorney-General as required by the Attorney-General Circular Ref. AG/CONF/6/E/247 VOL.II of 16 April, 2014 was not provided for audit review.

### **Management Response**

The management wishes to confirm that the case files, details of instructions from the Assembly for representation are hereby provided.

#### **Committee's Observation and Recommendation**

**The Committee noted that the Assembly has not provided the requisite approval from the Attorney General to engage an external Counsel.**

**The Committee recommends the establishment of a legal office in the Assembly and the Auditor-General to review the matter in the subsequent audit cycle.**

#### **3.5 Irregular Payments to the County Assembly Forum and the County Assembly Sports Association**

Included in use of goods and services and as disclosed in Note 5 to the financial statements is other operating expenses of Kshs.23,498,956. Included in the other operating expenses is Kshs.5,000,000 in respect of County Assemblies Forum (CAF) and Kshs.300,000 in respect of the County Assembly Sports Association (CASA) paid as subscription. The two institutions are not provided for funding under the County Assembly.

Further, the expenditure was not budgeted for under the County Assembly during the year under review.

Consequently, the propriety and validity of other operating expenses amount of Kshs.23,498,956 could not be confirmed.

#### **Management Response**

County assembly Forum is a registered society under the Societies Act with a sole mandate to support the county assemblies in discharging their three core functions. The county Assembly Sports association is anchored under the county assembly forum coordinating sports activities across all the 47 county assemblies. Kwale county assembly is a member of CAF. Further, the payment in respect to CAF and CASA games was provided for in the budget under the Membership Fees, Dues and Subscriptions to Professional and Trade Bodies Vote, which had a total budget of Ksh. 6,200,000

#### **Committee's Observation and Recommendation**

**The Committee observed that the payment to the County Assembly Forum and the County Sports Association were irregular and unsupported by legislation.**

**The Committee recommends that the Assembly should ensure these payments are entrenched in law by having a framework for such payments.**

#### **4.0 Acquisition of Assets**

The statement of receipts and payments and as disclosed under Note 10 to the financial statements reflects acquisition of assets expenditure of Kshs.175,000,626 as at 30 June, 2020. The following anomalies have been noted:

##### **4.1 Variance with Summary of Fixed Assets Register**

The acquisition of assets expenditure of Kshs.175,000,626 differs with an amount of Kshs.175,450,626 disclosed in Annex – 4 (summary of fixed assets register) by an amount of Kshs.450,000.

Consequently, the accuracy and completeness of the acquisition of assets expenditure of Kshs.175,000,626 for the year ended 30 June, 2020 could not be confirmed.

##### **Management Response**

The management wishes to confirm that, as at the time of audit, the variance Ksh.450,000 related to acquisition of a pool table, which was captured under other operating expenses Vote hence the difference. The same will be corrected through adjustments in the subsequent Financial Statements.

##### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

##### **4.2 Lack of Ownership Documents for Land**

Included in the acquisition of assets expenditure of Kshs.175,000,626 is expenditure in respect of construction of buildings of Kshs.38,418,158. Included in this amount is Kshs.19,684,358 in respect of construction of fourteen ward offices for Members of

County Assembly with cumulative payments amounting to Kshs.73,304,211 as at 30 June, 2020.

However, the Management did not provide ownership documents for the land on which the offices were being constructed.

Under the circumstances, the ownership, custody and safeguard of land on which assets worth Kshs.73,304,211 had been constructed could not be confirmed.

### **Management Response**

Lands in Kwale has no title deeds, with its desire to provide offices to the Members of County Assembly and in order to fulfill their representation mandate, the County Assembly Service Board initiated Land Acquisition Processes. Further, the legal department has been instructed to fast track the Land Ownership Agreements with the communities.

### **Committee's Observation and Recommendations**

**The Committee observed that the County Assembly made full payments for the acquisition of land where the transaction was not supported by any title documents.**

**The Committee recommends that the Assembly liaises with the Ministry of Lands to obtain title documents with respect to the land in question.**

**The Committee, further, recommends that the Assembly submits to the Auditor the status of the land ownership documents within sixty (60) days from the adoption of this report.**

### **5. Accounts Receivables – Prepayments and Advances**

The statement of financial assets and liabilities and as disclosed under Note 14 to the financial statements reflects accounts receivables of Kshs.6,323,440 as at 30 June, 2020. As previously reported all amount includes payment of Kshs. 6,018,449 in respect of tax notice by the Kenya Revenue Authority for which Management indicated that this was a direct debit from the Assembly's Central Bank of Kenya Recurrent Account by Kenya Revenue Authority being interest and penalties.

Although the Management indicated that the County Assembly of Kwale had been remitting its tax obligations on time and did not have any outstanding obligations, there

was no evidence to confirm that Kenya Revenue Authority had accepted to refund or approved the offsetting of the amount from future tax obligations as claimed by the Management.

Consequently, the recoverability in full of Kshs.6,018,449 in respect of accounts receivables – prepayments and advances as at 30 June, 2020 could not be confirmed.

### **Management Response**

The management confirms the prepayments, and that the County assembly has embarked on a reconciliation exercise with Kenya Revenue authority to resolve the Issue. KRA gave authority to recover Ksh 4,119,392 in respect to the agency notice further the balance of Ksh. 1,899,257 related to an advance payment to KRA on Fringe benefit Tax Arrears. Further, the recovery of the 4.119,392 was done in the month of February 2022 PAYE Obligation.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **Other Matter**

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

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.936,706,782 and Kshs.743,449,887 respectively resulting to a shortfall of Kshs. Kshs.193,256,895 or 21% of the budget. Similarly, the County Assembly expended Kshs.741,465,625 against an approved budget of Kshs.936,706,782 resulting to an under-expenditure of Kshs.195,241,156 or 21% of the budget. The revenue shortfall and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

### **Management Response**

The County Assembly acknowledges the under-expenditure of Kshs. 193,256,895 translating to 21% of the total budget in the year under review. This was attributed to late exchequer releases, which came at the closure of the year making it hard to optimally utilize the budget. Further, the management states that some Contractors delayed in project

implementation thus making it impossible to pay thereby aggravating the under-expenditure.

#### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to the County Government in line with the cash disbursement schedules approved by the Senate.**

### **2. Late Exchequer Release**

The County Assembly budgeted for Exchequer receipts of Kshs. 936,706,782 from the County Treasury during the year under review. However, the County Assembly received an amount of Kshs. 142,245,808 during the months of June and July, 2020. The late Exchequer releases of Kshs.142,245,808 may have largely contributed to the under absorption of budget of Kshs.195,241,156 or 21%.

#### **Management Response**

It is a requirement by the National Treasury and the Office of Controller of Budget to do requisition of funds monthly. The County Assembly made a requisition in the month of June 2020 but the National Treasury released the money from the Exchequer in the Month of July 2020.

#### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to County Government in line with the cash disbursement schedules approved by the Senate.**

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

### **1. Construction of the County Assembly Complex**

The County Assembly commenced the construction of the County Assembly Complex at a contract sum of Kshs. 466,892,170. The contract sum was later varied by Kshs.116,723,042 or 25% to Kshs.583,615,212 on 29 March, 2018. Audit review of the terms and conditions of the contract revealed that the project was to be completed by 29 June, 2017. However, the contract period was extended by 78 weeks through letter reference CAK/CL/PROC/VOL2/7 of 20 September, 2018 and for another 48 weeks through letter reference KWL/CA/ADM/CORR/PROC/VOL 2(013) of 16 June, 2020. Management did not provide evidence of the performance bond renewal covering the extension of the contract period.

In addition, audit examination of the Project's Bills of Quantities revealed provisional sums totaling Kshs. 192,200,000 for various works which were sub-contracted. However, details of how the sub-contractors were identified, selected and contracted to undertake the works including relevant approval by the Project Manager were not provided for audit verification.

Consequently, value for money has not been realised in the construction of the County Assembly Complex due to the delays in completion of the works.

#### **Management Response**

The Management wishes to confirm that the tender document for the construction of the county Assembly provided for domestic subcontracting, which allows the Contractor to identify the Subcontractors.

#### **Committee's Observation and Recommendation**

**The Committee observed that the contract was extended without the renewal of the Performance Bond.**

**The Committee recommends that the Assembly should obtain a Performance Bond from the contractor covering the period of extension within the 14 days of tabling of this report.**

## **2. Failure to Observe One Third Staff Establishment Rule**

A review of personnel records revealed that, the County Assembly had a staff establishment of sixty-one (61) employees as at 30 June, 2020. Review of the staff establishment revealed that the County Assembly had fifty-one (51) or 84% of the employees coming from the dominant community while the other ten (10) or 16% were from the other communities.

This was contrary to Section 7 of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. This is further in contravention of Section 6(1)(e) of the County Government Act, 2012 which requires that in selecting candidates for appointment, the County Assembly Service Board shall consider, the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county. Consequently, Management was in breach of law.

### **Management Response**

The County assembly is yet to attain its optimum staff establishment and it is in the efforts to ensure full compliance of the one-third rule on staffing. This notwithstanding, the County assembly is in the process of recruiting staff in various positions and will endeavor to Comply.

### **Committee's Observation and Recommendations**

**The Committee observed that the Assembly was in breach of Section 65 (1) (e) of the County Government Act, 2012.**

**The Committee recommends that-**

- i. **The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity; and**
- ii. **the County Assembly submit a road map to the Auditor-General on how to ensure compliance is achieved within sixty (60) days from the adoption of this report.**

### **3. Telephone Allowances**

Audit of payroll records revealed that telephone allowances amounting to Kshs. 904,000 were paid to staff of County Assembly during the year under review, contrary to the Salary and Remuneration Commission of Kenya Circular Ref. No. SRC/TS/CGOVT/3/16 of 29 July, 2013. Consequently, Management was in breach of the guidelines by the Salaries and Remuneration Commission.

#### **Management Response**

The payments of telephone allowances made to staff were guided by the Board resolution to specific staffs as per their nature of work to enhance and facilitate coordination of assembly activities. Further, the management has currently complied.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The committee recommends that the matter be marked as resolved.**

## **CHAPTER THREE: TAITA TAVETA COUNTY ASSEMBLY REPORT FOR FY 2019/2020**

The Speaker of Taita Taveta County Assembly, **Hon Meshack Maghanga**, and the Clerk **Mr. Gadiel Mmambo**, appeared before the Committee on Friday, 13<sup>th</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Taita Taveta County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1.1 Variances Between Financial Statements and IFMIS Figures**

The statement of receipts and payments reflect receipts totaling to ksh. 593,911,763 and payments totaling to Ksh. 593,880,350 whereas the Integrated Information System (IFMIS) records as at 30 June 2020 reflected receipts totaling to Kshs. 602,000,000 and payments totaling Ksh. 509,450,725 respectively in respect to the County Assembly. The difference amounting to Kshs. 8,088,237 in receipts and Ksh. 84,429,625 in payments were not reconciled.

Consequently, the accuracy and completeness of the receipts and payments balances totaling Kshs. 593,911,963 and Ksh.593,8880,350 respectively reflected in the statement of receipts and payments for the year ended 30<sup>th</sup> June, 202 could not be confirmed.

### **Management Response**

The actual receipts received from the National Treasury was kshs. 587,000,000 and an additional of Kshs. 6,911,763 which was direct payment made to members by the County Executive bringing the total to Ksh. 593,911,763. This is supported by CBK bank statements.

IFMIS records reflects Kshs. 602,000,000 attributed by returned RTGs.

The actual expenditure was Kshs. 593,880,350 as supported by the statement of receipts and payment.

The variance between IFMIS and actual expenditure was triggered by transactions processed in IFMIS and voided at the closure of financial year. Transactions processed in IFMIS are treated as payments which is not the actual position.

As a way forward the management trained staff and continuously engaged IFMIS Technical teams to try and resolve such challenges before closure of financial year.

### **Committee's Observation and Recommendations**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.2 Overcast Cash Balance in the Statement of Cash flows**

The statement of assets and liabilities as at 30 June, 2020 reflects cash and bank balance totaling to Ksh. 3,906,103.

However, the amounts in the accounts included in the balance amount to Ksh. 1,038,309 and therefore the financial statements balance is overcast by Kshs. 2,867,794.

Further, the statement of cash flows reflects a closing cash and cash equivalents balance totaling Kshs. 3,906,103 and an opening balance of kshs. 1,006,896 resulting to a difference of Kshs. 2,899,207 which does not tally with the net increase in cash and statement of cash flows is not balanced and is therefore inaccurate.

In view of these discrepancies, the accuracy and completeness of the statement of assets and liabilities as at 30 June, 2020 and the statement of cash flows for the year ended could not be confirmed.

### **Management Response**

The cash flows of kshs. 1,038,309 was in error and hereby been reconciled as follows:

Cashflow balance –	Kshs. 1,038,309
Add: Retension	Kshs. <u>3,800,000</u>
Total	Kshs. 4,838,309
Less: Refund to CRF	Kshs. <u>266,620</u>
	Kshs. 4,571,689
Less Imprest unsurrendered	Ksh. <u>665,586</u>
Total	Ksh. <u>3,906,103</u>

## **Committee's Observations and Recommendations**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **1.3 Unsupported Prior Year Adjustments**

The statement of financial assets and liabilities reflects net debit prior year adjustments totaling kshs. 3,533,380 in the year under review and a net credit balance of Kshs. 5,296,191 for the financial year 2018/2019. No explanation was provided for the adjustment.

In addition, the statement of assets and liabilities includes a balance of Ksh. 3,533,380 described as prior year adjustments on accounts payables and bank account balances. However, records to support how the balance changed from a credit balance of Kshs. 5,296,191 in the previous year to a debit balance of Ksh. 3,533,380 in the year under review were not presented for audit. In the circumstance, the accuracy of the balance could not be confirmed.

### **Management Response**

Amount of kshs. 3,533,380 was an error and note 15 represent retention amount of Ksh. 3,800,000 which was corrected in the subsequent year.

This was as a result of errors as stated below:

Retention	Kshs. 3,800,000
Less: Refund to CRF	Kshs. <u>266,620</u>
Reconciled Figure	Kshs. <u>3,533,380</u>

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.4 Difference in Budget Balances**

The statement of comparison of budget and actual amounts: recurrent and development combined reflects total budgeted expenditure totaling to Kshs. 627,775,000 which however, differ with the balance of Kshs. 582,775,000 reflected in respect to the account in the statement of budget execution by programmes and sub-programmes.

The resultant difference of Kshs. 45,000,000 was not explained

#### **Management Response**

The statement of budget execution by programmes and sub-programmes only included recurrent budget of Ksh. 582,775,000. Development budget was Ksh. 45,000,000 which brings accumulative budget of Ksh. 627,775,000.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.5 Undisclosed Deposits and Retentions**

The statement of financial assets and liabilities reflects nil balances for accounts payable-deposits and retentions for both 2018/2019 and 2019/2020 financial years. However, note 19 to the financial statements reflects deposits and retentions totaling Kshs. 3,800,000 held as at 30<sup>th</sup> June, 2020. The amounts are not, however, accounted for in the statement of assets and liabilities. As a result, the accuracy and completeness of the accounts payables as at 30 June, 2020 could not be confirmed.

#### **Management Response**

The error was noted and the amount was paid during the subsequent year.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **1.6 Overstated Pending Bills**

Note 1 and Note 2 on other important disclosures to the financial statements reflect pending accounts payables totaling to Kshs. 30,116,116 and pending staff payable totaling to Kshs. 3,147,010 as at 30 June 2020 respectively. However, the following anomalies were noted to the two sets of pending bills totaling Kshs. 33,263,126.

### **1.6.1 Accounts Payables**

The pending accounts payables balance totaling reflected in note 1 on other disclosures is comprised of supply to goods balance amounting to Kshs. 15,022,791 and supply of services balance amounting to Kshs. 15,093,325. However, a recast of the amounts included in the two balances yielded Kshs. 7,332,014 and Kshs. 284,171 respectively or Kshs. 7,516,185 in aggregate. Therefore, the accounts payables balances reflected in the financial statements is overcast by Kshs. 22,499,931.

### **Management Response**

The pending bills indicating Kshs. 7,516,185 as disclosed under other disclosures did not include Kshs. 22,499,931 which was in respect of pending bills of other prior years from FY2013 to FY2018.

The disclosed amount of Kshs. 30,116,116 which includes Kshs. 22,499,931 was subjected to special audit as per the attached schedule and special audit report extract.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **1.6.2 Pending Bills**

In addition, other important disclosures to the financial statements reflect pending account payable totaling Kshs. 30,116,116 incurred in the year under review. However, the bills included in the account yielded a sum of Kshs. 7,616,185 and therefore the balance reflected in the financial statements is overstated by Kshs. 22,499,931.

In view of these discrepancies, the accuracy and completeness of the pending bills totaling Kshs. 33,263,126 reflected in the financial statements has not been confirmed.

### **Management Response**

The pending bills indicating Kshs. 7,516,185 as disclosed under other disclosures did not include Kshs. 22,499,931 which was in respect of pending bills of other prior years from FY2013 to FY2018.

The disclosed amount of Kshs. 30,116,116 which included Kshs. 22,499,931 was subjected to special audit as per the attached schedule and special audit report extract.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **1.7 Un-reconciled Exchequer Releases**

The statement of receipts and payments for the year ended 30 June, 2020 reflects Exchequer releases totaling Kshs. 587,000,000 whereas the County Treasury report for the year indicates that Exchequer releases to the County Assembly in the year under review amounted to Kshs. 608,852,400. The difference of Kshs. 21,852,400 between the two sets of records has not been reconciled.

Consequently, the accuracy and completeness of the Exchequer releases totaling Kshs. 587,000,000 for the year ended 30 June, 2020 could not be confirmed.

### **Management Response**

The County Assembly received Kshs. 587,000,000 from National Treasury. and additional Kshs. 6,911,764 from other receipts, all totaling to Kshs. 593,911,763 as supported by the bank statements. This is supported by bank statement.

The amount was however, reconciled.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **1.8 Overstated Other Receipts**

The statement of receipts and payments reflect totaling Kshs. 6,911,763, as further disclosed in Note 3 to the financial statements. Included in the balance is Kshs. 3,911,763 of returned Real Time Gross Settlement (RTGS) receipts treated erroneously as income in these financial statements.

Consequently, the other receipts balance totaling Kshs. 6,911,763 is overstated by Kshs. 3,911,763.

### **Management Response**

The sum of Kshs. 3,911,763 was money paid and returned due to wrong account details thus erroneously treated as income.

In future it will be treated as a contra entry.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **2. Unsupported Expenditure on Use of Goods and Services**

The statement of receipts and payments reflect use of goods and services expenditure totaling Kshs. 275,403,164 as further detailed in Note 5 to the financial statements. However, several items included in the balance were not supported with relevant document as highlighted below:

### **2.1 Domestic Travel Expenditure**

Included in the domestic travel and subsistence expenditure totaling Kshs. 197,373,774 highlighted in Note 5 to the financial statements are unsupported payments amounting to Kshs. 6,051,900

## **Management Response**

The vouchers amounting to Kshs. 6,051,900 had been availed.

## **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **2.2 Foreign Travel Expenses**

Note 5 to the financial statements reflects foreign travel and subsistence expenses totaling Kshs. 19,571,324 out of which Kshs. 1,101,424 relates to costs of attendance at regional games in Kampala, Uganda. However, travel records including exit and entry stamps on passports used by the participants were not presented for audit.

## **Management Response**

The vouchers amounting to Kshs. 1,104,424 had been availed.

## **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **2.3 Training Expenses**

Note 5 to the financial statements further reflects training expenses totaling to Kshs. 4,291,987. However, payment vouchers totaling to Kshs. 2,360,775 were not supported with signed attendance lists and training programs.

In view of lack of insufficient documentation, the occurrence, measurement and validity of the payments for domestic and foreign travel as well as training programmes totaling to Kshs. 11,445,311 could not be confirmed.

## **Management Response**

The payment vouchers totaling to Kshs. 2,360,775 were presented for audit review

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **3. Inaccurate Summary of Fixed Assets Register**

Annex 4 to the Financial statements reflects a summary of fixed assets register comparative balance of Kshs. 69,318,940 which, however, differs by Kshs. 25,807,523 with the audited balance of Kshs. 95,126,463 for the year 2018/2019. No explanation was provided for the difference between the two sets of records. As a result, the completeness and accuracy of the fixed assets balance totaling to Kshs.109, 783,935 reflected in the summary of fixed assets as at 30 June, 2020 could not be confirmed.

### **Management Response**

The closing balance of audited accounts for FY2018-2019 was Kshs. 95,126,463 as noted in the Auditors Report. However, the summary of Fixed Asset Register had been amended to adjust the error of Kshs. 25,807,523 bringing the closing balance to Kshs. 135,591,458

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **OTHER MATTER**

### **1. Budgetary Controls and Performance**

The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 reflects final receipts budget and actual on comparable basis totaling Kshs. 627,775,000 and Kshs. 593,911,763 respectively resulting to an under-funding of Kshs. 33,895,649 or 5% of the budget.

Similarly, the County Executive expended Kshs.593, 880,350 against an improved budget of Kshs.627, 775,000 resulting to under-expenditure of Kshs.33, 895,649 or 5% of the budget. As a result, all the activities planned for the year were not implemented.

### **Management Response**

The County Assembly had not received its full share of exchequer release due to late disbursement of Ksh. 31,000,000 from the National Treasury to facilitate full absorption. The funds were received in July 2020.

### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to the County Government in line with the cash disbursement schedules approved by the Senate.**

## **2. Incomplete Report on Prior Year Issues**

Note 7 to the financial statements indicate that two issues raised in the report for the previous year had since been resolved. However, no information was provided on the other matter highlighted in the audit report of the previous year. Consequently, the report on progress on follow up on prior year auditor's recommendations is not complete and does not meet the requirements set by the Public Sector Accounting Standards Board.

### **Management Responses**

The error was noted and outstanding audit issues had been addressed in subsequent year.

### **Committee's Observation and Recommendation**

**The Committee observed that its report on the Auditor General's Report for the Financial Year 2018/19 for the County Assembly of Taita-Taveta was awaiting tabling in the Senate.**

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

### **1. Accounts Receivables – Outstanding imprests**

Note 14 to the financial statements reflects imprests totaling to kshs. 665,586 as at 30 June, 2020. Examination of the imprest register indicated that the amounts had been outstanding for over six months.

Failure to recover the imprests from staff contravened Regulation 93(5) of the Public Finance Management (County Governments) Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which requires a holder of a temporary imprest to account or surrender it within seven days after returning to the duty station.

Management is therefore, in breach of regulations on issue and surrender of imprests.

### **Management Responses**

The outstanding imprests were surrendered late. Find the attached surrender vouchers.

### **Committee's Observation and Recommendations**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

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

### **Lack of Controls on Management of Fixed Assets**

Section 149(2)(O) of the Public Finance Management Act, 2012 requires the Accounting Officer in each public entity to ensure that adequate systems and processes are in place to plan for, procure, account for, maintain, store and dispose of assets. These would include an asset register that is current, accurate and available to the relevant County Treasury. In

addition, a functional internal control system should provide accuracy and clarity in accounting for the assets of the entity.

Anne 4 to the financial statements reflect a summary of fixed assets register balance of Kshs. 109,783,935. However, the dates of acquisition and costs of the assets were not indicated in the fixed assets register and the assets were not tagged to disclose their location and users.

In view of these omissions, controls on the County Assembly's assets are inadequate and as a result, the assets are at a risk of loss and misuse.

### **Management Responses**

The anomaly was noted, however the asset register was updated to include the date of acquisition, cost and custodian.

Currently the assets are being tagged.

### **Committee's Observation and Recommendation**

**The Committee noted there is a great attempt by the Assembly to improve the internal controls.**

**The Committee recommends that the Auditor General should continue monitoring and review the matter in the subsequent financial year.**

## **CHAPTER FOUR: REPORT OF GARISSA COUNTY ASSEMBLY FINANCIAL YEAR 2019-2022**

The Speaker of Garissa County Assembly, **Hon. Ahmed Abass**, and the Clerk **Mr. Mohammed Santur**, appeared before the Committee on Monday, 23<sup>rd</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Garissa County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1.0 Unsupported Expenditure**

The statement of receipts and payments and as disclosed under Note 3 to the financial statements reflects an amount of Kshs. 225,436,983 in respect of use of goods and services. Included in this amount is Kshs. 134,188,898 in respect of domestic travel and subsistence, Kshs. 3,960,000 in respect of produced assets and Kshs. 16,224,150 in respect of other operating expenses as at 30 June, 2020. However, audit review of the payment records and other supporting documents revealed that expenditure amounting to Kshs. 12,467,000 relating to the three components had the following anomalies;

- (i) They were not supported by relevant documents including traveling documents, invitation letters, workshop/activity programs, nomination letters to the participating staff and attendance registers for payments of subsistence allowances.
- (ii) There were no lease agreements and valuation reports for rental expenditure incurred for the period under review.
- (iii) Proof of request and authorization for hire of security officers were not used to support the expenditure.
- (iv) There were no signed schedules for the other operating expenses.

Consequently, the accuracy and completeness of the expenditure of Kshs. 225,436,983 in respect of use of goods and services could not be confirmed.

### **Management Response**

**i. Unsupported Domestic Travel and Subsistence**

Some of our officers had surrendered the imprest with incomplete documents. The management had however been able to trace all the vouchers with missing documentation such as travelling documents, invitation letters, workshop/activity programs, nomination letters to the participating staff and attendance registers.

The payment vouchers were properly supported and available for audit review as enumerated below.

<b>S.NO</b>	<b>P.V NO &amp; DATE</b>	<b>ITEM DESCRIPTION</b>	<b>PAYEE</b>	<b>AMOUNT</b>	<b>OBSERVATION</b>	<b>RESPONSE</b>
1	170 Of 31/ 10/ 19	DSA, PAIC Bench marking trip to Embu	Samuel Thuku Macau	352,20 0	Mode of transport not indicated.  Back to work Report	Bus tick ets now atta che d.
2	198 of 11/ 11/ 19	DSA, Training In Mombasa	Abdinassi r Omar Yussuf	244,20 0	Attendance register, and participation certificate not attached	Atta che d
3	202 of 18/ 11/ 19	DSA, Staff Attende d Casa Games In Eldoret	MOHAM ED ABDI AHMED	1,155, 000	Invitation Letters, Nomination Letter For Staff, Activity Budget And Evidence Of Participation	Invi tatio n and nom inati on lette rs  atta che d.

						Staff activity and evidence of participation also attached
4	203 of 24/11/19	DSA, Staff Attended Casa Games In Eldoret	MOHAM ED ABDI AHMED	3,792,000	Invitation Letters, Nomination Letter For Staff, Activity Budget And Evidence Of Participation	Invitation and nomination letters attached. Staff activity and evidence of part

						icipation also attache d
5	260 of 27/ 12/ 19	DSA, Training In KSG Nairobi	Billow Aden Abdiaziz	158,80 0	Attendance Register, Certificate Of Participation, And Programme Of Activity	Atta che d
6	264 of 27/ 12/ 19	DSA, Attende d Worksh op In Mombas a	Rahma Abdi Abdullahi	312,00 0	Invitation Letter, Evidence of travel Missing	AT TA CH ED
7	351 of 5/3/ 202 0	DSA, CASA Meeting	MOHAM ED ABDI AHMED	153,80 0	Evidence of travel and attendance register Missing	AT TA CH ED
8	362 of 5/3/ 202 0	DSA, Educati on Commit tee Confere nce In Mombas a	Diriye Bare Abdi	294,00 0	Invitation Letters, Nomination Letter for committee members, attendance register and Back to work	Invi tatio n Lett ers, No min atio n

					report	Letter for committee members attached.
9	440 of 30/4/2020	DSA, CAF Meeting	Abdullahi Aden Mohamed	1,865,000	Evidence of travel	attached
10	441 of 30/4/2020	DSA, Training Of Internal Auditors	Adinoor Duale Ahemd	45,000	Evidence of travel and attendance register	Attached
11	453 of 4/5/2020	DSA, Travel To Nairobi For PAC Session	Adow Omar Said	300,000	No approved invitation letter, attendance register, nomination letter and evidence of travel.	Invitation letter, nomination letter and Bus tick

						et atta che d
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**ii. Rentals of Produces Assets**

This payment related to the Speakers residence and various ward offices hired for members. The county assembly rents ward offices for the Members of County Assembly. However, most of the ward offices are in rural areas hence there is scarcity of properly constructed building to meet the standard required for the ward offices. Therefore, the assembly had no choice but to contract the only available space. Consequently, direct procurement method was used to source the offices from the only available space in those rural areas.

However, all the relevant documents including lease agreements, ministry of housing evaluation of the premises was filled in different files and were not availed at the time of audit.

These documents have been availed and ready for audit review as enumerated below

<b>S.NO</b>	<b>PAYEE</b>	<b>P.V NO &amp; DATE</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>	<b>MISSING DOCUMENT</b>	<b>RESPONSE</b>
1	Abdi Mohamed Mohamed	24 of 3/4/2020	Payment For Speakers Residence	630,000	Professional Opinion From Head Of Procurement, TAX Compliance	Attached
2	Lawswood Investment LTD	160 of 31/10/2019	Payment of Ward Rent, Abakaile Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached

3	Aziziya Constructio n CO. LTD	160 of 31/10/2019	Payment of Ward Rent, Bura Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached
4		160 of 31/10/2019	Payment of Ward Rent, Dertu Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached
5		160 of 31/10/2019	Payment Of Ward Rent, Modogas he Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached
6		160 of 31/10/2019	Payment Of Ward Rent, Sankuri Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached
7		160 of 31/10/2019	Payment Of Ward Rent, Ijara Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached
8		160 of 31/10/2019	Payment Of Ward Rent, Maalimin Ward	120,000	Tax Compliance, Lease Agreement Valuation Report	Attached

### iii. Other Operating Expenses

This payment related to payment to security officers attached to the County Assembly. The officers signed the attendance registers after payment, this had been designed to work as such to keep track of the high number of officers who work in the assembly.

The high number of officers is caused by a high turnover of security officers who also work in shifts.

From the above explanation then the attendance register doubles up as the payment schedule.

The said signed attendance register had been provided as well as a letter of authorization for hire of security officers and ready for audit review.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **2.0 Unauthorized Re-Allocation of Funds**

The statement of receipts and payments and as disclosed under Note 5 to the financial statements reflects an amount of Kshs. 21,272,731 in respect of acquisition of assets. Included in this amount is Kshs. 7,022,731 incurred on purchase of furniture and equipment out of which an amount of Kshs. 377,900 was used to pay expenditure on supply of sanitary items. Although it was explained that this was an emergency procurement due to Covid19 pandemic, Management did not provide evidence of approval by the Accounting Officer.

In view of the foregoing, the validity of the expenditure of Kshs. 377,999 on sanitary items as at 30 June, 2020 could not be confirmed.

### **Management Response**

The reallocation of funds was done procedurally according to PFM Act 2012 section 154(2) and the letter for request for approval was attached and ready for audit review.

### **Committee's Observation and Recommendation**

**The Committee noted the failure of the County Assembly to submit documents on time to the Auditor General.**

**The Committee recommends that the accounting officer undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156(1) of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.**

### **3.0 Irregular Contributions and Annual Subscriptions**

The statement of receipts and payments and as disclosed under Note 3 to the financial statements reflects an amount of Kshs. 225,436,983 in respect of use of goods and services. Included in this amount is Kshs. 16,224,150 in respect of other operating expenses which in turn includes payment of Kshs. 4,400,000 made to the County Assemblies Forum. However, Management did not provide evidence in support of the payment to the County Assemblies Forum.

In the circumstances, the validity of the expenditure of Kshs. 4,400,000 to the County Assemblies Forum as 30 June, 2020 could not be confirmed.

### **Management Response**

The County Assemblies Forum (CAF) is the coordinating body of the 47 County Assemblies in Kenya. The primary mandate of CAF is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental relations and enhance good practice in legislative development. It's a registered organization under the societies Act and receives funding from all the County Assemblies to defray its operations.

All the payment vouchers are now ready for audit review.

### **Committee's Observation and Recommendation**

**The Committee noted that the payments was unlawful.**

**The Committee recommends that the County Assembly should stop making such irregular contributions and should find a way to anchor it in law.**

### **Other Matters**

#### **Budget Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 756,402,040 and Kshs. 745,000,000 respectively resulting to an under-funding of Kshs. 16,402,040 or 2% of the budget. Similarly, the

County Assembly expended Kshs. 744,862,452 against an approved budget of Kshs. 756,402,040 resulting to an under-expenditure of Kshs. 11,539,588 or 1.5% of the budget.

Further, the County Assembly incurred over-expenditure on compensation of employees and acquisition of assets totaling to Kshs. 1,078,520 as analyzed below:

<b>Audit Components</b>	<b>Current year Final Budget (Kshs.)</b>	<b>Actual Expenditure (Kshs.)</b>	<b>Over- Absorption (Kshs.)</b>
Compensation of Employees	493,448,309	494,152,738	704,429
Acquisition of Assets	20,898,640	21,272,731	374,091
<b>Total</b>	<b>756,402,040</b>	<b>744,862,452</b>	<b>1,078,520</b>

Management did not provide the approval from the County Assembly for the over expenditure. Consequently, the Assembly was in breach of the law.

#### **Management Response**

The purported over expenditure were wrongly classified in Compensation of Employees and Acquisition of Assets items in the final accounts which was noted and rectified to their rightful classification of use of goods and services.

#### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to the County Assembly in line with the cash disbursement schedules approved by the Senate.**

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

### **Failure to Implement E-procurement**

Review of the County Assembly procurement transactions for the 2019/2020 financial year revealed that the County Assembly processed the procurement of goods, works and services manually and not through the e-procurement platform. This was contrary to Executive Order No. 2 of 2018 which required all public entities to undertake all procurements through e- procurement module with effect from 1 January, 2019.

In view of the above finding, the County Assembly was in breach of the Executive Order No. 2 of 2018.

### **Management Response**

The County Assembly faced connectivity challenges while implementing the E-procurement directive hence was unable to fully comply, however, there was partial compliance whereby the assembly was able to procure a number of Goods and services through the portal.

### **Committee's Observation and Recommendations**

**The Committee noted that the management is progressively addressing the e-procurement connectivity challenges.**

**The Committee recommends that the Auditor General should continue monitoring use of the e-procurement module and reports in the next Audit cycle.**

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

### **1.0. Failure to Update Assets Register**

During the year ended 30 June, 2020, the County Assembly maintained a fixed assets register. However, the register did not have a provision for additions and disposals of assets

making it difficult to update the register for additions to the existing assets or disposal of assets when such updates were required.

In the absence of proper ownership documents and complete asset register, security of the fixed assets may not be guaranteed.

### **Management Response**

The Assembly updated all acquisitions into the fixed assets as a new entry, they concurred that they didn't have a column for disposal of assets, though the assembly hadn't disposed any asset in the period under review.

However, since circular No 5 of November 2020 they had constructed the asset register as per the circular and its available for audit review.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **2.0 Lack of Approved Internal Audit Charter**

A review of the governance structures in the Assembly, revealed that the Assembly does not have an approved internal audit charter that spells out the internal audit purpose, authority and responsibility.

In the absence of an internal audit charter the internal audit unit may not be effective.

### **Management Response**

The internal audit charter was in place and approved.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **CHAPTER FIVE: REPORT OF MANDERA COUNTY ASSEMBLY FINANCIAL YEAR 2019-2020**

The Vice chair of Mandera County Assembly Service Board, **Hon. Saad Sheikh**, and the Clerk **Mr. Ahmed H. Surow**, appeared before the Committee on Monday, 23<sup>rd</sup> May and Tuesday, 24<sup>th</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Mandera County Assembly for the Financial Year 2019/2020.

### **1. Use of Goods and Services**

#### **1.1. Unaccounted Expenditure for Domestic Travel and Subsistence**

Included in the expenditure on use of goods and services is an amount of Kshs. 36,513,777 relating to domestic travel and subsistence allowances. Examination of payment records and other supporting documents revealed that payments amounting Kshs. 6,416,900 were not supported with imprest warrants and a copy of Events attendance register. Further, an amount of Kshs. 790,300 was paid to officers as quarter per diem while their accommodation had been fully met by the Assembly.

#### **Management Responses**

The institution made payments to Members and Staff after the trip was undertaken, therefore no need for imprest warrant to be issued to the beneficiaries. The attendance register for the committee members who attended the training was duly attached to the payment voucher and an evidence was provided in the annexures. The overpayment was recovered as per the recommendation of the auditor and an extract has been provided for review.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **1.2. Printing, Advertisement and Information Supplies and Services**

The expenditure on use of goods and services also includes an amount of Kshs. 11,966,996 spent on printing, advertising and information supplies and services. However, an amount of Kshs. 2,465,006 was not supported with requisition from the user departments while some of the goods were not received vide counter receipt vouchers (S13). Further, there was no evidence availed on how the goods were utilized.

## **Management Responses**

The County Assembly submitted the approved requisition forms from user departments was provided for the verification and review. The counter receipt vouchers (S13) was attached to the Payment Voucher and the same was provided in the appendices. However, goods were utilized using the store ledger controls and copies were provided.

## **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **2. Unsupported Expenditure-Office Furniture**

The statement of receipts and payments reflects an expenditure of Kshs. 140,156,966 under acquisition of assets which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs. 14,755,810 incurred on purchase of office furniture and equipment. However, the office furniture worth Kshs. 14,450,810 was procured without a requisition from user department and were not taken on charge in the stores ledger.

Further, counter requisition and issue notes were not provided for audit. In addition, some of the furniture was procured using quotation method of procurement but was above the threshold matrix for quotation.

## **Management Responses**

Approved requisition forms from user departments and the stores ledger control were provided for your verification and review. Counter requisition and issue notes were provided for audit review. Quotation method of procurement used is within the threshold matrix for quotation as provided in the law.

## **Committee's Observation and Recommendation**

**The Committee noted that at the time of the transaction the County Assembly was categorized under class C requiring a procurement threshold of Kshs. 6 Million and above to use open tender, but instead the entity used Request for Quotation.**

**The Committee recommends that the Assembly, going forward, should ensure they comply with the law.**

### **3. Other Expenses**

The statement of receipts and payments reflects an expenditure of Kshs. 29,520,622 described as other payments. As disclosed in Note 7 to the financial statements, the expenditure was incurred in the financial year 2018/2019. However, examination of payment records and other supporting documents revealed the following anomalies: -

- i. The expenditure was not reported as a pending bill during the financial year 2018/2019.
- ii. A review of IFMIS records revealed that the expenditure was charged to interest on foreign borrowing instead of other expenses.
- iii. Some goods were procured using request for quotations when their value was higher than the threshold for quotation. Further, procurement was initiated without requisition from user department.
- iv. In addition, contracts for supply of goods and services were awarded to suppliers who had no certificate of incorporation, tax compliance and Kenya Revenue Authority PIN certificate.

### **Management Responses**

The County Assembly of Mandera declared Ksh 25,000,000 as a pending bill from financial year 2018-2019 and the same was reported in the Financial Statement of FY 2018-2019 as a pending bills arrears. An extract schedule from financial statement was attached as an evidence to the same. However, during budget uploading a mistake of wrongful coding happened causing wrongful charging. Furthermore. Quotations had been raised as per the procurement laws and requisition from user department were attached and the Certificate of incorporation, tax compliance and KRA PIN certificate were attached for your review.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **4. Compensation of Employees**

During the year under review, the Assembly paid mileage allowances amounting to Kshs.21,230,784 to Members of the County Assembly. However, the following audit observations were made: -

i) There was no report from public works to confirm the distance between the ward offices and the County Assembly offices hence the correct distances claimed could not be confirmed.

ii) The work tickets supporting the mileage allowance contained incorrect speedometer readings. The dates indicated the vehicles were only moving during the weekends. Some of the vehicles used by the Members of the County Assembly had defective speedometer hence the actual distance covered could not be established.

iii) Some of the payments were not supported with mileage allowance claim forms while others had no indication of distance claimed by the Members of the County Assembly.

iv) In some cases, Members of the County Assembly were paid mileage allowance while they were actually away on official duty outside the County.

### **Management Response**

The report from public works to confirm the distance between the ward offices and the County Assembly offices were provided and a copy was attached for your review. The Hon. Members visit their respective wards on weekends, at times they use alternative vehicles for local running hence low speedometer reading. The payment vouchers were supported by mileage allowance claims forms which were correctly filled by the members. However, although the members had filled the claim form and work ticket, the days that they were on official duty had been deducted during computation of mileage claims and an extract of the schedule had been attached.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **Other Matter**

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

The statement of comparison of budget and actual amount-recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs. 960,662,123 and Kshs. 733,174,263 respectively resulting to an under-funding of Kshs. 227,487,860 representing 24% of the budget. Similarly, the County Assembly spent Kshs. 733,030,959 against an approved budget of Kshs. 960,662,123 resulting to an under-

expenditure of Kshs. 227,631,164 or 24% of the budget. The underfunding and underperformance affected the planned activities and projects which may have impacted negatively on service delivery for the public.

### **Management Response**

The budget absorption rate was affected by delayed disbursement by the national treasury to the county Government of Mandera. Issues of the county treasury rationing monies across the user department, as such the Assembly was always underfunded.

### **Committee's Observations and Recommendations**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury. The Committee also noted that the County Assembly was not independent from the County Executive as the county treasury determined their disbursements.**

**The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate. The Committee also recommends that the County Assembly should exercise their financial autonomy over their budget.**

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

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

### **Management Response**

The management had been progressively addressing the challenges that had been raised by the auditors on issues of governance. Towards this, the county assembly formed audit committees, developed various procedure manuals and reduced numbers of audit queries progressively on annual basis. However, there were issues that requires a reconciliation with the national treasury to clean the junk data in the system and a focal person was tasked to the work.

### **Committee's Observation and Recommendation**

**The Committee observed that its report on the Auditor General's Report for the Financial Year 2018/19 for the County Assembly of Mandera was awaiting tabling in the Senate.**

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

### **Failure to Maintain an Updated Fixed Assets Register**

Annex 3 to the financial statements on the summary fixed assets reflects a balance of Kshs. 269,440,467 being total assets owned by the Assembly as at 30 June, 2020. However, the fixed assets register provided for audit review did not reflect details on the value, acquisition date, class, category and condition of assets contrary to Section 136 of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to maintain a register for all assets under their control which should include dates of acquisition among other details. The County Assembly was therefore, in breach of the law.

### **Management Response**

The county assembly acknowledged the register wasn't properly updated as at the time of audit. The updated asset register was availed for your verification.

### **Committee's Observation and Recommendation**

**The Committee noted that the National Treasury issued Circular No. 5/2020 of 25<sup>th</sup> February, 2020. Accordingly, the County Assembly should seize this opportunity to ensure that it has a properly updated assets register.**

**The Committee recommends that the county assembly completes a properly updated assets register and provides a status report within 60 days from the adoption of this report.**

## **CHAPTER SIX: COUNTY ASSEMBLY OF KISUMU FOR THE FINANCIAL YEAR 2019/2020**

The Speaker of Kisumu County Assembly, **Hon. Elisha J. Oraro** and the Clerk **Mr. Owen Ojura**, appeared before the committee on Monday, 16<sup>th</sup> May, 2022, to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kisumu County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1. Inaccuracies in The Financial Statements**

The statement of receipts and payment on the financial statements reflected a balance of Kshs. 287,555,780 in respect to compensation of employees which included personal allowances paid as part of salary amounting to Kshs. 119,496,096. However, the Integrated Financial Management System (IFMIS) report reflected an amount of Kshs. 77,040,344, while the Integrated Personnel and Payroll Database (IPPD) payroll indicated an amount of Kshs. 53,147,140 as sitting allowances to Members of county assembly (MCAs). The three set of records have not been reconciled. Hence the accuracy of personal allowances of Kshs. 119,496,096 for the year ended 30<sup>th</sup> June 2020 could not be verified.

### **Management response**

The IFMIS Payment for National Assembly Attendance Allowances and IPPD report on the same were at variance. The variances arose as a result of payments made to MCAs in respect to responsibility allowances which are normally paid to various committee chairs during sittings hence budgeted under sitting allowance. Further, there were other MCA's and two board members whose sitting allowances and responsibility allowance were processed off IPPD given that they did not have PF numbers. The Kshs. 6,095,274 related to a direct debit from the Assembly's bank account by KRA upon issuing an agency notice. Lastly, payment of Kshs.2, 585,510.80 made in respect to staff pension and charged to sitting allowances vote head under code 2110328 on IFMIS. However, we have provided an analysis and subsequent reconciliation to agree the sets of records.

### **Committee's Observation and Recommendations**

**The Committee noted the inaccuracy of the financial statements and the IFMIS records.**

**The Committee recommends that the County Assembly engages the National Treasury to ensure IFMIS records are updated within sixty (60) days from the tabling**

**of this report. The Committee further recommends that the reconciliation and update of IFMIS records be carried out in a continuous process of engagement between the County Assembly and the National Treasury.**

## **2. Use of Goods and Services**

The balance of use of goods as per the statement of receipts and payments reflected a total of Kshs. 351,161,392 however, a review of the expenditure under various components revealed the following unsatisfactory matters:

**i) Extra Payment to a supplier for Motor Vehicle maintenance and repairs.** The balance included routine maintenance -vehicle balance of Kshs. 5,060,000 out of which management had paid a service provider an extra 222,604 in respect to repair and maintenance for vehicle for which no supporting document was provided for audit review.

### **Management's response**

The duplicated transactions processed leading to extra payments to a service provider. This occurred due to error at the time of processing resulting in double payment of invoices. The Assembly sought to remedy the situation by demanding for refund from the said supplier (R.J MOTORS) who had also acknowledged that he was indeed paid an extra Kshs.222, 604 and had given a payment plan for the refund as annexed. The supplier has since refunded the Kshs.123, 000 with a commitment to pay the balance of Kshs.99, 604 on or before 31<sup>st</sup> May 2022.

### **Committee's Observation and Recommendations**

**The Committee noted that there was late submission of documents to the Auditors.**

**The Committee recommends that-**

- i. The County Assembly should adhere to the timelines set under Sec 31(4) of Public Audit Act, 2015 on the submission of a response during the audit process; and**
- ii. The Clerk of the County Assembly should take administrative action against the officers who failed to submit documents at the time of audit.**

**ii) Foreign travel allowance overpayments**

Management paid foreign travelling allowance of Kshs. 239,025 to a Member of the County Assembly while on a study tour on leadership and governance in Addis Ababa-Ethiopia from 11<sup>th</sup> -16<sup>th</sup> December 2019. However, records availed showed that the MCA was only in Ethiopia for two (2) days whose allowance was Kshs. 89,610 resulting in overpayment of Kshs 149,415.

#### **Management's response**

There was an overpayment resulting from the said trip for an MCA.

The management established that Hon John Obura Atieno only travelled to Addis for two days yet he was supposed to have been in Ethiopia for five days and immediately initiated a recovery process through a memo to the Human Resource department in order to recover Kshs.149,415 which was paid but not utilized. The money has since been fully recovered as at 30<sup>th</sup> April 2022.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **iii) Payment for Legal Services not supported by contract and procurement process**

An amount of Kshs. 10,160,783 paid as legal fees however, the Management did not provide supporting documents such as procurement process and contract.

#### **Management's response**

The said firms who offered legal services to the Assembly during the period under review were duly registered by the county assembly, and contracts of engagement were done. However, there were instances in which payments were made as a result of court decrees awards against the County Assembly for which payments were done to the clients' advocate/s.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **iv) Leasing of offices.**

An amount of Kshs. 5,450,885 was paid to a company for rent and other charges for lease of offices. However, the management did not provide procurement documents such as tender committee minutes, advertisements, letter of acceptance of offer, and a needs assessment report for audit review.

#### **Management response**

With respect to leasing of offices, this was an issue of the previous year's audit and was referred to EACC. However, we have since reviewed our contract with the landlord in which the Assembly has reduced the number of floors being rented from the initial three to one.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **v) Payment of Kshs. 810,000 for conference**

Management had paid Kshs. 810,000 for a three (3) day conference however, review of the supporting invoice and bank details revealed that the payee was different from the firm who provided the services and Management did not provide explanation for inconsistency.

#### **Management's response**

Swiz Lenana Mount Hotel was prequalified by County Assembly of Kisumu to provide Conference facility and that the payment to the hotel was indeed done to China Zhong Tian Investment as was instructed by the hotel through their letter which provided the bank details and on the instructions of payment as was indicated on the invoice issued.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **Other Matters**

##### **1. A Budgetary Control Performance.**

The statement of Comparison of Actual and Budgeted expenditure for combined recurrent and development funds showed an Actual of Kshs. 707,837,365 against a budget of Kshs. 716,921,494 representing an under absorption of Kshs. 9,084,129 for recurrent and 12,205,560 against 20,000,000 budgets representing an under absorption of 39% which was Kshs. 7,797,440. However, the management did not provide explanation for under absorption.

#### **Management response**

The budget under absorption was attributed to delays in exchequer releases.

#### **Committee's Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.**

## **2 Pending Bills**

Under the disclosures in the Financial statements reflected accounts payable (pending bills) of Kshs. 44,872,631 borrowed from Kisumu County Assembly Car Loan and Mortgage but was not settled by the end of the financial year hence carried forward to 2020/2021.

#### **Management's response**

The management has not been able to settle the bill due to budgetary constraints. However, the management had put in place a remedial plan that will see this liability fully settled in the subsequent years. In the Financial year 2022/2023 the management made a proposal for a budgetary allocation of Kshs. 14,000,000 as first instalment.

#### **Committee's Observation and Recommendation**

**The Committee observed that the County Assembly borrowed Kshs. 44,872,631 from Kisumu County Assembly Car Loan and Mortgage Fund but did not pay back the borrowed funds within the Financial Year.**

**The Committee recommends that the County Assembly ensures the settlement of the borrowed funds and the Auditors to review the matter in the subsequent audit.**

### **3 Unresolved Prior Year Matters**

Several issues were raised on:

- a) Report on Lawfulness and Effectiveness in use of Public Resources; and
- b) Report on Effectiveness of Internal Controls, Risk Management and Governance FY 2018/2019.

However, the management has not resolved the issues or given any explanation for failure to adhere to the provisions of Public Sector Accounting Standards Board Templates and the National Treasury's Circular Ref No.AG.4/16/3 Vol.1 (9) Dated 24<sup>th</sup> June 2020.

#### **Management response**

Management appeared before Senate Sessional Committee on County Public Accounts and Investment on 12<sup>th</sup> October 2021 for a meeting whose agenda was to consider the Report of the Auditor -General on Financial Statements of the Kisumu County Assembly for the Financial Year 2018/2019. In that meeting, the County Assembly tabled before the Committee written responses including supporting documents to the specific issues raised in the said Reports of the Auditor General which was copied to the Regional Hub Office. The specific issues were extensively deliberated on and supporting documentation therein to this end, the Management believed that the prior year matters stood resolved since there has not been any communication from Senate Sessional Committee on County Public Accounts and Investment to Kisumu County Assembly after the said meeting advising otherwise. In the subsequent year, we attached the report of the unresolved matters as required by the International Public Sectors Accounting Standards (IPSAAs) 24 awaiting discussion with the relevant senate committee.

#### **Committee's Observation and Recommendation**

**The Committee observed that its report on the Auditor General's Report for the Financial Year 2018/19 for the County Assembly of Kisumu was awaiting tabling in the Senate.**

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

### **1. A Non-Compliance with the Law on Ethnic Composition**

During the year under review, the total number of employees of County Assembly was eighty-nine (89) out of whom 80 were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integrations Act 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and no public institution shall have more than one third of its staff establishment from the same ethnic community.

#### **Management response**

Ethnic composition of employees of the Kisumu County Assembly, the Assembly had inherited most of its staff from the defunct local authorities who did not represent the diversity of the People of Kenya at that time. Since the Assembly had and still has contractual obligations with said employees they cannot be dismissed on account of ethnicity. However, the Management takes cognisance of the need to comply with the Law of ethnic composition and is currently making deliberate attempts to achieve this through its current recruitment process.

#### **Committee's Observation and Recommendations**

**The Committee observed that there was no ethnic diversity among the Ccounty Assembly employees. The Committee, however, noted that most of the staff had been inherited from the now defunct local authorities.**

**The Committee also observed that the requirement that “not more than one third of the staff of a public establishment may be from the same ethnic community” under Section 7(2) of the National Cohesion and Integration Act, 2008 may not be achievable for counties that inherited some of their staff from the defunct local authorities.**

**The Committee recommends that-**

- i. The reports of the Auditor-General to specifically address whether a County Assembly has met the requirement under section 65(1)(e) of the County Governments Act.**
- ii. The County Assembly to ensure it adheres to the provisions of section 65(1)(e) of County Government Act on ethnic inclusivity in entry level recruitment as a means to progressively meet the one-third requirement under section 7(2) of the National Cohesion and Integration Act, 2008.**

## **2. Non-Compliance with Law on Fiscal Wage Responsibility -Wage Bill.**

The Financial Statement on receipts and payments reflected an expenditure of kshs.287,555,780 on compensation of employees representing 49% of the total receipts and of Kshs.709,070,900. This is contrary to the provisions of Regulations 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations ,2015 which limits the County Executive's expenditure on wages and benefits to not more than 35% of total receipts.

### **Management response**

Compliance with the Law of Fiscal Wage responsibility – Wage Bill. The management wish to state that the rise in wage bill was attributable to the need to recruit new staff with competencies and skills in order for effective service delivery given that the Assembly had inherited a big number of staffs from the local authority who lacked the said skills further that the ceilings have remained constant despite an increase in employee related costs. However, we have since initiated remedial measures to bring the percentage of wage bill to total receipts to the required 35% through:

1. Encouraging especially the low carder staff to further their education so that they are promoted and re designated to fill vacancies arising from senior position due to natural attrition
2. Freezing of new employments
3. Petitioning the Commission on Revenue Allocation (CRA) to consider increasing the Assemblies ceilings to mitigate the problem, talks are still on going on the matter.

### **Committee's Observations and Recommendations**

**The Committee observed that the County Assembly's wage bill during the FY 2019/20 stood at 49% of the Assembly's total receipts. The Committee, however, noted that paragraph 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 cannot be applied to county assemblies as individual entities since the provision applies to county governments holistically. The County Assembly was therefore NOT in breach of paragraph 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.**

**The Committee recommends-**

- i. That the Kisumu County Executive to strictly adhere to the provision of paragraph 25(1)(b) of the Public Finance Management (County Government) Regulations, 2015 which stipulate that the county wage bill should not exceed 35 per cent of the County Government's total revenue; and
- ii. That Kisumu County Executive to provide to the Auditor General the measures put in place to contain the county wage bill within sixty (60) days from the adoption of this report.

### **3. Non -Compliance with Human Resource Policies and Procedures**

An amount of Kshs. 1,156,848 was paid as meal allowance to officers who worked beyond official working hours. However, it was observed that the officers were working within their duty stations yet they were paid accommodation allowance (*per diem* allowance) alongside meal allowances. This is contrary to Section 17(1) of Human Resource Policies and Procedure Manual for Public Service, 2016 which states that, meal allowance will only be paid to officers travelling on duty within the country but who were not required to spend a night away from the permanent duty station and will not be paid alongside accommodation allowance.

#### **Management response**

The Human Resource Manual for Public Service, 2016 Section C 17(2) states that Meal Allowance shall be paid at a rate of 15% for breakfast, 20% for lunch and dinner of the daily subsistence rate applicable (*per diem*) therefore, the said officers were not paid meal allowance alongside accommodation allowance (*per diem*) However, the calculations for meal allowance was done based on *per diem* rates. The management has since instituted a recovery process as per **Annex 4C (1) being a memo to Director Human Resource** to initiate payroll deductions **Annex 4C (2) also provide payroll extract on recoveries and schedules.** However, payment in the name of Abraham Odege of Kshs. 357,000 was in respect to meals for City Inspectorate officers who offered security services to the Assembly working outside of their duty stations.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **4. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

The Management floated 3 (three) quotations on 21<sup>st</sup> April 2020 for comprehensive insurance cover for 3 (three) motor vehicles. The lowest evaluated bidder quoted 211,342 premium per month however, an award was given to the highest bidder who quoted 215,360 without justification.

### **Management response**

On compliance with Public Procurement and Asset Disposal Act,2015. The management states that, while it is true that the Jubilee Insurance was the highest evaluated bidder on the three vehicles overall, it is not true that the award was given to the Insurance Company yet it had quoted the highest. The award was based on evaluation of the bidder prices per Insurance company for each of the three vehicles independently as such the overall figure quoted of 215, 230 was not the criteria used to award a tender for Motor vehicles insurance in this case. The awards were given based on the lowest bid for each vehicle but where the three companies had similar bids for the same vehicle any value addition was considered therefore the awards were as below:

- 1.KBJ 765 U Monarch Insurance Company Kshs. 39,216
2. KCD 128 G Jubilee Insurance Company Kshs. 82,007
3. KBG 246 C Monarch Insurance Company Kshs. 90,119

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

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

### **1. Incomplete Asset Register**

The Summary of Fixed Asset Register in the notes to financial statements reflected a value of Kshs. 94,166,418 as at 30<sup>th</sup> June 2020. However, the balances could not be confirmed as Management had not updated the register and had also omitted the values of the assets and their dates of acquisition. Further various assets both at the County Assembly and Ward offices were not coded for ease of verification

### **Management response**

With respect to Fixed Asset, the Assembly had adopted a model template provided by Public Sector Accounting Standards Board which had no provision for inclusion of dates of Acquisition. The management has included the dates of acquisitions on the Assets register and now carrying out Asset tagging and coding.

#### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **2. Weak Internal Control on Payroll Management**

Review of the Human Resource data indicated that Management was processing both salaries and deductions directly through the bank and not through the salary control account .Which was contrary to section 6.3 of the County Financial Accounting and Reporting Manual which defines the basic procedure to be followed while preparing ,recording and accounting for personnel expenditure from the monthly payroll preparation through IPPD to documents filling and archiving .This is aimed at providing accurate and reliable data in the management of personnel records and references.

#### **Management response**

On Internal Control on Payroll Management. The management has adhered to Section 6.3 of the County Financial Accounting and Reporting Manual in the current financial year and now process salary using the salary control accounts generated from IPPD.

#### **Committee's Observations and Recommendations**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

#### **3. Lack of Implementation of a Strategic Plan**

The County Assembly had a Strategic Plan running from 2013-2017 which had identified risk factors and mitigating measures such as lack of adequate resources to meet funding requirements, staff capacity and low public participation amongst others. However, the Management did not implement the strategic plan. Further it was noted that the County Assembly did not formulate a new strategic plan after expiry of the 2013- 2017 Strategic Plan.

#### **Management response**

Regarding non-implementation of the Strategic plan 2013-2017. The implementation of the strategic plan is an ongoing exercise thus not all the goals were achieved within the stipulated set time lines as was provided in the Strategic Plan which was largely due to lack

and sometimes delay in funding from National Treasury. On the issue of non-formulation of a new Strategic Plan after expiry of the 2013-2017 one, we confirm that the Assembly was in the process of formulation of a new Strategic Plan at the time of the Audit Reviews which has since been completed.

**Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The committee recommends that the matter be marked as resolved.**

## CHAPTER SEVEN: MOMBASA COUNTY ASSEMBLY FOR THE YEAR 2019/2020

The Speaker of Mombasa County Assembly, **Hon Aharub Khatri**, and the Clerk **Mr. Salim Juma**, appeared before the Committee on Friday, 13<sup>th</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Mombasa County Assembly for the Financial Year 2019/2020.

### Qualified Opinion

#### 1. Inaccuracies in the Financial Statements

The statement of receipts and payments reflects various balances which differs significantly with the corresponding balances as reflected in the Integrated Financial Management Information System, IFMIS Report as summarized below:

Items	Note	Financial Statements (Kshs.)	Expenditure as Per IFMIS (Kshs.)	Variance (Kshs.)
Transfers from the County Treasury/Exchequer Releases	1	730,885,783	50,000,000	680,885,783
Compensation of Employees	4	352,513,037	202,703,203	149,809,834
Use of Goods and Services	5	297,197,259	185,264,693	111,932,566
Transfer to other Government Entities	7	50,046,057	0	50,046,057
Acquisition of Assets	10	29,257,959	27,470,690	1,787,269
Finance Costs	11	0	42,310,230	(42,310,230)

In absence of any reconciliation and explanation, the accuracy and completeness of balances reflected in the statement of receipts and expenditure for the year ended 30 June 2020 could not be confirmed.

#### Management Response

The Management had an IFMIS technical hitch that brought about the variance as observed. The hitch has since been rectified and the matter resolved.

## Committee's Observation and Recommendation

The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.

### 2. Transfers from the County Treasury / Exchequer Releases

The financial statements, the statement of receipts and payments for the year ended 30 June 2020 shows transfers from the County Treasury/Exchequer releases of Kshs. 730,885,783. However, a review of the financial statements reflects transfers to County Assembly of Kshs. 661,397,987, resulting to an unreconciled and unexplained variance of Kshs. 69,487,796.

In the circumstances, the accuracy and completeness of transfers from the County Treasury/Exchequer releases balance of Kshs. 730,885,783 for the year ended 30 June 2020 could not be confirmed.

### Management Response

Analysis of the variance is as per table below:

#### FY 2019-2020 RELEASES FROM TREASURY RECONCILIATION

QUARTER	TREASURY	ASSEMBLY	VARIANCE
Q1	43,379,412.05	113,379,412.05	(70,000,000.00)
Q2	196,038,748.95	195,526,544.95	512,204.00
Q3	212,165,862.00	212,165,862.00	0
Q4	209,813,964.15	209,813,964.15	0
<b>TOTAL</b>	<b>661,397,987.15</b>	<b>730,885,783.15</b>	<b>(69,487,796.00)</b>

The variance of Kshs. 70,000,000.00 relates to disbursements from County Treasury received by County Assembly in Q1 (July 2019) FY2019/20. County Treasury had however accounted for the same in Q4 (June 2019) FY2018/19, hence bringing about the variance.

Further, the variance in Q2 of Kshs. 512,204 was as a result of a conflict in the records of County Treasury against ours as indicated in the table above. We have since reconciled the matter with the relevant Officers and the anomaly will be rectified in the adjusted books of the County Treasury FY2019/20.

## Committee's Observation and Recommendation

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **3. Compensation of Employees**

The financial statements, the statement of receipts and payments reflects compensation of employees' total expenditure of Kshs.352, 513, 037. Included in the amount are Kshs. 14,325,386 and Kshs. 39,551,931 in respect of salaries and staff payroll deductions respectively, all totaling Kshs. 53,877,317 paid through Mombasa County Assembly imprest account.

However, payment vouchers in support of the expenditure were not provided for audit verification. Further, documentary evidence to support subsequent remittance of the payroll deductions of Kshs. 39,551,931 were similarly not provided for audit review.

In the circumstances, the validity and completeness of the expenditure of Kshs. 53,877,317 could not be confirmed.

### **Management Response**

The Management usually processes all personnel emoluments through IFMIS as per laid down procedures. All payment vouchers on compensation of employees done in the course of the financial year 2019/20 have been provided for confirmation.

### **Committee's Observations and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **4. Unsupported Expenditure – Use of goods and services**

The financial statements, the statement of receipts and payments reflects a balance of Kshs.297, 197,259 under use of goods and services. Included in the expenditure is an amount of Kshs. 4,517,302 spent on training of Members of County Assembly in Dubai. However, procurement records showing how the venues were identified and contract awarded were not provided for audit verification.

Consequently, the regularity and value for money of the expenditure of Kshs. 4,517,302 could not be ascertained.

### **Management Response**

The Assembly received training invitation letters just like any other institutions or government entities. The invitations to the County Assembly of Mombasa were raised with venues already identified by the trainers in their invitation letters. These invitations were then forwarded to the Liaison Committee for deliberation and way forward. The Liaison Committee (whose composition includes all Committee Chairpersons) deliberated on these invitations with a view of approving the necessary trainings as per the County Assembly Training Needs Analysis for the financial year. Having considered the general training cost of these invitations being lower than the prevailing training fee rates at the time, the Liaison Committee approved the trainings to be undertaken. This cost factor was also largely considered to be reasonable thus the Management believes that value for money was attained.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter marked as resolved.**

### **Other Matter**

#### **1. Pending Bills**

The financial statements reflect pending bills amounting to Kshs.90, 251,208 as at 30 June 2020. The bills relate to construction of civil works and supply of goods and services balance of Kshs. 29,816,372, pending staff payables balance of Kshs. 6,416,146 and unremitted statutory deductions (PAYE, NHIF, NITA Levy, Income Tax on Gratuity) and unremitted staff pension contributions (NSSF, LAPTRUST) amounting to Kshs. 54,018,690.

Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.

### **Management Response**

Most of the outstanding pending bills accrued and remained outstanding as a result of the County Treasury having been the entity making payroll payments for all County

departments (County Assembly included). The trend was halted after the County Assembly gained full financial autonomy including making end-to-end payroll payments after September 2019.

We acknowledge that failure to settle bills in the year to which they relate affects the implementation of the subsequent year's budgeted programs. However, the Management has laid down plans to clear the pending bills by seeking consensus with the County Executive Committee Member for Finance.

### **Committee's Observation and Recommendation**

**The Committee observed that pending bills included statutory deductions which constitute a legal requirement.**

**The Committee recommends that the County Government should prioritize payment of statutory deductions within the given period. The Committee, further, recommends that pending bills should form the first charge in the budget of the successive financial year.**

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

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1 (9) dated 24 June 2020.

### **Committee's Observation and Recommendation**

**The Committee observed that the report of the Auditor-General for the financial year 2018/2019 for the County Assembly is awaiting adoption by the Senate.**

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

### **Accounts Receivables - Outstanding Imprests**

In the financial statements are outstanding imprests of Kshs.17, 599,863 as at 30 June 2020. Review of imprests register revealed that, though due, imprests amounting to Kshs.6, 219,625 and Kshs.5, 968,721 had been outstanding for over twelve and six months, respectively. This is contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which requires a holder of a temporary imprest to account or surrender it within seven days after returning to duty station.

In addition, it was revealed that an amount of Kshs. 14,735,121 relates to multiple imprests issued to twenty-four Members of County Assembly contrary to regulation 93(4)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the applicant has no outstanding imprest.

### **Management Response**

The Management has followed up and had outstanding imprests surrendered. Those still outstanding have been scheduled for recoveries through the payroll.

### **Committee's Observations and Recommendations**

**The Committee noted that an outstanding imprest amount totaling to Kshs. 1, 047,000 has not been surrendered and not accounted for in full. The Committee further noted that the issue of multiple imprests has not been addressed.**

**The Committee recommends that-**

- i. the accounting officer ensures that officers who have failed to surrender their imprest in accordance with the law be surcharged for recovery of the imprest;**
- ii. the accounting officer takes administrative action against any officer who failed to recover outstanding imprest; and**
- iii. the EACC follow-up on the recovery of all outstanding imprests and take appropriate action against the accounting officer or officer of the Assembly who impedes the recovery of the outstanding imprest.**

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

### **Failure to Develop Risk Management Strategies and Operationalize Audit Committee**

During the financial year ended 30 June 2020, County Assembly did not have an operational Audit Committee to oversight over County Assembly operations. The Internal Audit Unit had no charter creating functions, roles and powers of the Unit. As such, the head of Internal Audit Unit reported administratively and functionally to the Clerk of County Assembly which casts doubt on the independence of the Unit.

Further, the County Assembly did not develop a Risk Management Strategy to guide it to develops a system of risk management and internal control that builds robust business operations.

Consequently, the internal audit function cannot be guaranteed and may not be effective in the management of public resources.

### **Management Response**

The Management has since operationalized a functional Audit Committee since August 2020. Further, the Internal Audit Unit developed a Charter that was approved by the Audit Committee and adopted by the County Assembly Service Board.

The Management has also since developed a Risk Management Strategy that has been adopted by the County Assembly Service Board. The above stated documents are herein attached.

### **Committee's Observations and Recommendation**

**The Committee noted that the Assembly has now put in place both the Audit Committee and the Internal Audit Charter.**

**The Committee recommends that the Auditor should follow up on the operationalization of the Internal Audit Office in the subsequent audit cycle.**

## **CHAPTER EIGHT: REPORT OF KISII COUNTY ASSEMBLY FOR THE YEAR 2019- 2020**

The Vice Chair of Kisii County Assembly board, **Hon Charles Nyagoto**, and the Clerk **Mr. James O. Nyaoga**, appeared before the Committee on Monday, 30<sup>th</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Kisii County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1.0. Use of Goods and Services**

##### **1.1. Unsupported Expenditure on Foreign Travels to Uganda**

The statement of receipts and payment reflects an expenditure of Kshs. 281,715,655 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs. 19,342,495 relating to foreign travel and subsistence allowances. The latter balance includes an amount of Kshs. 8,524,000 paid out to Members of County Assembly from various committees attending training and bench-marking courses in Uganda between the months of November, 2019 and March, 2020. However, the training needs assessment, back to office reports, passports, boarding passes, training programme and evidence of payment to the training institutions were not provided for audit review. In the circumstances, the accuracy, validity and completeness of foreign travel and subsistence amounting to Kshs.8, 524, 0 00 could not be ascertained.

### **Management Response**

It is true that various County Assembly Committees attended training and bench marking courses in Uganda between the months of November, 2019 and March, 2020. Copies of the missing documents supporting the above stated expenditure on foreign travel are provided.

### **Committees Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

### **Unsupported Training Expenses**

The expenditure of Kshs. 281,715,655 under use of goods and services also includes an amount of Kshs. 16,799,347 in respect to training expenses, out of which payments amounting to Kshs. 4,384,000 was paid to a consultant for training services for different committees in Kampala, Uganda. However, supporting documents including visas, passports, boarding passes and certificates for the participants as proof of travel and attendance were not provided for audit review. In the circumstance, the accuracy and validity of the training expenses amounting to Kshs. 4,384,000 could not be confirmed.

### **Management Response**

The County Assembly incurred an expenditure of Kshs. 4,384,000 for facilitation of training services for different committees in Kampala, Uganda on various dates. Copies of relevant documents supporting the above expenditure have been provided.

### **Committees Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The committee recommends that the matter be marked as resolved.**

### **1.2. Ward Offices Operation Expenses**

Included in the expenditure of Kshs. 281,715,655 under use of goods and services is an amount of Kshs. 57,868,000 relating to other operating expenses. The latter balance includes an amount of Kshs. 49,410,000 incurred on operations expenses by forty-five (45) wards. However, the Management did not provide lease agreements for the Ward Offices to support the lease payments. Consequently, the accuracy and propriety of ward expenses of Kshs. 49,868,000 could not be confirmed.

### **Management Response**

The County Assembly provides funds to members for Ward office operation expenses including payments for rented premises. However, some members of the County Assembly have government offices that do not attract rent. Only 27 (twenty-seven) members out of the 45 have rented offices. Copies of respective lease agreements are provided.

### **Committees Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **2. Unsupported Transfers to Government Entities**

The statement of receipts and payments reflects an expenditure of Kshs. 552,145 under transfer of Government entities which, as disclosed in Note 7 to the financial statements, related to refunds of the un-utilized funds for 2018/2019 financial year transferred to the County Revenue Fund (CRF) account. However, supporting documents including payment vouchers were not provided for audit review. Consequently, the accuracy, propriety, and completeness of transfers to Government entity of Kshs. 552,145 could not be ascertained.

### **Management Response**

In accordance with Public Finance Management Act, 2012 Section 136, the County Assembly refunded unspent balances for the FY2018/2019 of Kshs. 76,761.55 in recurrent and Kshs. 475,383 in development accounts to the County Revenue Fund. This is supported by Treasury orders: Ref. KSI/CA/FIN/9(01) and Ref. KSI/CA/FIN/9 (OZ) dated 22 July 2019.

### **Committees Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **Other Matters**

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

The statement of comparison of budget and actual amounts for recurrent and development combined for the year under review reflects an approved receipt budget of Kshs. 1,110,505,387 and actual receipts of Kshs. 889,281,590 resulting in a budget shortfall of Kshs. 221,223,797 or 20%. Similarly, the statement reflects an expenditure budget of Kshs. 1,110,505,387 compared to an actual expenditure of Kshs. 889,788,575 resulting in a net under-expenditure of Kshs. 220,716,812 or 20%. The

under-funding and under-performance constrained execution of planned activities and delivery of services to the residents of Kisii County.

### **Management Response**

In the year under review, the County Assembly had budgeted to receive Kshs. I, 140,505,387 from the exchequer but ended up receiving Kshs. 889,788,575. The County Assembly did not receive Kshs 220, 716, 812 from the Treasury. So the under - performance was due to under - funding.

### **Committees Observation and Recommendation**

**The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury.**

**The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.**

## **2. Pending Bills**

The financial statements reflect pending bills of Kshs. 120,362,877 which were outstanding as at 30th June, 2020. Management had not provided an explanation for non-payment of the pending bills. Failure to settle bills will have a negative impact on the subsequent year's budget allocation.

### **Management Response**

The pending bills balance of Kshs. 120,362,877 disclosed under Annex 1 of the financial statements is classified as follows;

#### **Analysis of Pending Bills FY 2019/2020**

Item	Amount (Kshs)
Construction of Buildings	106,348,021
Supply of Goods	10,330,208
Supply of Services	3,684,648

	<b>Total</b>	<b>120,362,877</b>
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The Assembly was unable to settle the pending bills because of underfunding by the Treasury during the year under review. However, in the subsequent FY2020/2021 the County Assembly settled all the pending bills except a balance of Kshs. 18,497,997 for the ongoing project of construction of offices in the county headquarters. We hope to settle this bill before end of June, 2022.

### **Committees Observation and Recommendation**

**The Committee observed that pending bills may have adverse effects on the County Assembly’s ability to obtain goods and services on credit from suppliers. This might distort the planning and procurement and may expose the County Government to litigations that will cost huge amounts of money in legal fees and fines that may be imposed by courts of law.**

**The Committee recommends that pending bills should form the first charge in the budget of the successive financial year.**

## REPORT ON LAWFUINESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **1. Extension of Library and JCT innovation Centre.**

The statement of receipts and payment reflects an expenditure of Kshs. 125,515,690 under acquisition of assets which, as disclosed in Note 10 of the financial statements, includes an amount of Kshs.96,672,350 in respect of construction of buildings. The amount of Kshs.96,672,350 was incurred on extension of Library and ICT innovation Centre to host Members of County Assembly Offices. The tender was awarded to a contractor through on 8 January, 2019 at a contract sum of Kshs.195,000,000 for a period of thirty (30) months ending June, 2021. Physical verification on 25 November, 2020 indicated that, the superstructure had been done up to fourth floor and the contractor had been paid a total of Kshs.100,236,598. However, the contractor was not on site and the project is behind schedule and may not be completed by June, 2021 as provided in the contract. Under the circumstances, the project may not be completed on time and value for money may not be realized.

### **Management Response**

It is true that the tender KCA/C/005/2018-2021 extension of Library and ICT innovation Centre was awarded to a contractor on 8 January, 2019 at a contract sum of Kshs.195, 000,000. The construction and extension of the structure faced challenges due to Covid - 19 as the ministry of Health directed the contractor in a letter dated 27th March, 2020 to stop works in compliance to covid 19 government containment measures. The directive delayed completion of the project. However, the project has since progressed well and is due for completion by end of 30 th June, 2022.

### **Committees Observation and Recommendations**

**The Committee observed that the project was still incomplete beyond the stipulated contractual period.**

**The committee recommends that;**

- **The County Assembly takes immediate action to finish the incomplete projects and provide information on the project status, and plans to complete them, within 60 days from the adoption of this report; and**
- **The Auditor General should audit the projects to ascertain the completion and utilization of the said projects in line with this recommendation and report back to the Senate in the subsequent audit cycle.**

### **2. Compensation of Employees- Wage Bill**

The statement of receipts and payment reflects an expenditure of Kshs.482, 005,086 under compensation of employees which translates to 46% of the total Assembly's receipts of Kshs.889, 281,590 in the year under review. This is contrary to Section 25(1) (b) of the Public Finance Management (County Governments) Regulations, 2015, which states that the County Government expenditure on wages and benefits for public officers should not exceed 35% of the County Government total revenue. The Management was therefore, in breach of the law.

### **Management Response**

When the County Assembly recruited staff in 2014, the salaries and allowances for Staff and MCAs were low. The Salaries and Remuneration Commission (SRC) has since enhanced their salaries and allowances with marginal adjustments of the ceilings by the Commission on Revenue Allocation (CRA). However, the decision by SRC to allow employment of at least 3 officers for each ward office in 2015 was then unforeseen and drastically increased the wage bill to date. This coupled with incremental credits and promotions for employees each year explains the higher wage

bill. Nevertheless, the management shall endeavor to manage the wage bill by not engaging in new recruitment or filling of positions left vacant by staff attrition.

### **Committees Observations and Recommendation**

**The Committee notes that the threshold of 35% set out in the Regulations refers to the whole County Government. However, the County Assembly should always strive to maintain their wage bill at sustainable levels.**

#### **3. Staff Ethnic Composition**

A review of personnel records indicated that the County Assembly of Kisii had a staff composition of 348 out of which 339 or 97% of the employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community. Management was in breach of the law, to this extent.

#### **Management Response**

The Management acknowledges that the Kisii County Assembly staff composition is made up of members of the dominant ethnic community in the County. However, out of the 355 employees, 70 are Members of the County Assembly while 135 are ward office staff on contract and are usually recruited from their wards of origin by the Members of the County Assembly. The remaining 150 employees were recruited by the County Assembly Service Board. Some of the staff members were inherited from the defunct Municipal Council while nearly all applicants for jobs when devolved governance was established were from the local community. However, the Management has taken note of the auditor's recommendation and shall endeavor to correct the situation in future appointments.

### **Committees Observation and Recommendations**

**The Committee noted that the County Assembly was in breach of Section 65(1)(e) of the County Government Act, 2012.**

**The Committee recommends that-**

- i. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act**

- on ethnic inclusivity; and
- ii. **the County Assembly to submit a road map to the Auditor-General on how to ensure compliance is achieved within sixty (60) days from the adoption of this report.**

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

### **Risk Management Policy**

A review of the internal controls revealed that the County Assembly does not have in place a Risk Management Policy Framework to ensure that all operations are performed within the approved risk tolerance levels. Further, there was no documented Disaster Recovery Plan to deal with loss of data or information in case of systems failures to protect the IT infrastructure in the event of a disaster. Under the circumstances, the County Assembly may be exposed to risk of loss of critical information in an event of a disaster. The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Management Response**

It is true that during the time of audit the County Assembly had not developed a Risk Management Policy. The management has since developed a risk management policy addressing among other issues, Data recovery in the event of disaster.

### **Committees Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

## **CHAPTER NINE: REPORT OF WAJIR COUNTY ASSEMBLY FOR THE YEAR 2019-2020**

The Speaker of Wajir County Assembly, **Hon Ibrahim Yussuf**, and the Clerk **Mr. Shalle Sheikh**, appeared before the Committee on Friday, 23<sup>rd</sup> May, 2022 to respond (under oath) to audit queries raised in the Report of the Auditor General on Financial Statements for Wajir County Assembly for the Financial Year 2019/2020.

### **Qualified Opinion**

#### **1. Unsupported Expenditure - Use of Goods and Services**

The financial statements, the statement of receipts and payments reflects a balance of Kshs. 297,264,520 in respect of use of goods and services. However, examination of records revealed the following unsatisfactory matters: -

##### **1.1. Domestic Travel and Subsistence Allowances**

The balance includes an amount of Kshs. 194,322,665 incurred on domestic travel and subsistence. The amount represents payments made to Members of the County Assembly (MCAs) and staff for attending workshops and other official duties outside their work station. However, a review of the expenditure and the supporting documentation revealed that expenditure amounting to Kshs. 5,952,800 was not supported with traveling documents, invitation letters, nomination letters to the participating staff, signed expenditure schedules with details of job groups and applicable rates for the job groups, attendance registers and training reports. The payments were not supported by training programs initiated by the County Assembly Services Board.

Further, cash purchases amounting to Kshs. 1,068,000 were made in respect of car hire, hire of halls and conferences but no imprests warrant issued or prior approval of the journeys made as required by regulations but instead members traveled and made claims upon return. It was therefore not clear how the MCAs and officials financed their trips.

### **Management Response**

It is clarified that the KSG participants have received invitation letters from the institution which were then approved by the clerk. Additionally, the Clerk of the assembly through a memo recommended the staff in question for the training.

On the issue of the expenditure schedules, the assembly has been using a standard format over the years. However, the new auditor recommendations will be implemented in due course.

Attendance register for the benchmarking exercise with regards to the implementation committee is available.

Further training reports adopted by the house with regards to travels by Implementation Committee, Roads and transport as well as Public Accounts and Investment Committee are available for your perusal.

Recommendations on board approval of training programs will be prioritized.

Lastly expenses for journeys made where imprests were not issued were approved in advance and activities undertaken when there were no funds. This was necessitated by the fact that some of the activities had constitutional timelines for example the public participation event with regards to the Punguza Mzigo Constitutional Amendment Bill 2019.

### **Committee's Observation and Recommendation**

**The Committee observed that payments made to Members of the County Assembly (MCAs) and staff for attending workshops and other official duties outside their work station were not supported.**

**The Committee recommends that administrative action be taken against the Accounting Officer for failing to submit supporting documents to the Auditor, payments made to members and a report submitted to the Auditor within 60 days from the adoption of this report.**

#### **1.2. Expenditure on Foreign Travel**

The balance includes an amount of Kshs. 11,744,068 in respect of foreign travel and subsistence. However, review of the expenditure and the supporting documentation revealed that an expenditure of Kshs. 4,809,895 was not supported with training programmed initiated by the County Assembly Services Board. Some of the MCAs and staff were not issued with safari imprests as required by regulations but instead made claims upon return. It was therefore, not clear how the MCAs and officials financed the trips costing substantial amounts. No report was prepared after the training, indicating the benefits to the Assembly from the trainings/conferences outside the Country.

Further, payments amounting to Kshs. 1,219,400 was made in respect to foreign travel incurred during FY 2018/2019 but the amount had not been disclosed as pending bills in the financial statements during the previous year.

Consequently, the accuracy and validity of expenditure totaling Kshs.10, 762,695 on use of goods and services could not be confirmed.

### **Management Response**

The foreign trainings were deliberated and approved by the Wajir County Assembly Service Board on 21<sup>st</sup> February 2019.

Late payment of claims and imprests not issued was as a result of the non-remittance of more than Kshs 100 million by the county executive.

Individual MCA's who have not submitted post event reports are being pursued by the management.

Board minutes approving the foreign travel events are provided for review.

### **Committee's Observation and Recommendations**

**The Committee observed that the review of the expenditure and the supporting documentation revealed that an expenditure of Kshs. 4,809,895 was not supported with training programmed initiated by the County Assembly Services Board.**

**The Committee recommends that administrative action be taken against the Accounting Officer for failing to submit supporting documents to the Auditor, payments made to members and a report submitted to the Auditor within 60 days from the adoption of this report.**

## **2.0. Irregular Payment of Mileage Allowances**

During the year under review, the Assembly incurred expenditure amounting to Kshs.144, 347,024 on Members of the County Assembly (MCAs) on mileage claims. However, examination of payment vouchers and other supporting documents revealed that an amount of Kshs.3, 324,718 paid to various Members of County Assembly as mileage allowances were not supported with copies of the vehicle logbooks owned by the Members of County Assembly or a binding lease agreement for the vehicles and authorized work tickets. It was also noted that the signatures appended to some of the lease agreements and work tickets supporting the payments were different from those of the MCAs on the payment schedules and on the statutory declaration forms.

Further, Management paid mileage allowances amounting to Kshs.1, 002,364 to some Members of the County Assembly (MCAs). It was however noted that the MCAs claimed

the mileage allowances for the same days they were performing other official duties within and outside the County for which they were also paid subsistence allowances.

In addition, an amount of Kshs. 12,928,272 was in respect of mileage claims that were incurred during financial year 2018/2019. No plausible explanations were given for not paying the mileage in the financial year 2018/2019. Further, Management had not disclosed pending bills in respect of the mileage allowance in its financial statements for 2018/2019.

Consequently, the propriety of expenditure amounting to Kshs.17, 255,354 could not be confirmed.

### **Management Responses**

All mileage payments were supported with requisite documentations including motor vehicle log books, lease agreements and authorized work tickets.

Slight inconsistencies noted in the members' signatures have been noted and corrective actions implemented.

On the issue of double payments, the following clarifications are made;

- (i) Implementation Committee conducted its benchmarking exercise between 20<sup>th</sup> and 22<sup>nd</sup> November 2019 with 19<sup>th</sup> and 23<sup>rd</sup> being travel dates. Members arrived in Wajir on the morning of 23<sup>rd</sup> and travelled to their wards on the same day hence no double payment.
- (ii) Members of Public Accounts and Investment Committee took an off from the verification exercise on 16<sup>th</sup> and 17<sup>th</sup> November 2019 to attend to their electorates hence earned their mileage allowance lawfully on the weekend of 16<sup>th</sup> and 17<sup>th</sup> November 2019.
- (iii) On Hon Mowlid Issack, the double payment was discovered before mileage payments were processed for the following month hence the excess payment in October was deducted from his November mileage payments.

Further mileage payments relating to 2018/2019 resulted from the non-remittance of the assembly's full budgetary allocations by Wajir County Treasury.

In relation to non-disclosure of pending mileages in the financial statements, we can confirm that corrective actions have been taken in subsequent years.

## **Committee's Observation and Recommendation**

The Committee noted the failure of the County Government entity to submit documents on time to the office of the Auditor-General.

The Committee recommends that the accounting officer undertakes administrative action against the officers who failed to provide the documents to the Auditors in accordance with section 156(1) of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.

## **Other Matter**

### **1. Budgetary Control and performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.790, 194, 403 and Kshs.689, 909,182 respectively resulting to an under-funding of Kshs.100, 285,221 or 12.7% of the budget. Similarly, the Assembly expended Kshs.689, 909,182 against an approved budget of Kshs.790, 194,403 this represented a 100% utilization of all the realized receipts.

Further, it was noted that the under-absorption was caused by the failure by the Wajir County Executive to transfer part of the approved budget amounting to Kshs.100, 285,221 this included Kshs.30, 000,000 for development to the Assembly. The County Executive received 100% of the approved budget from the National Treasury, which included the approved allocation for the County Assembly.

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

## **Management Response**

This is well noted. Close collaboration with the County Treasury will ensure that this does not recur.

## **Committee's Observation and Recommendation**

The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the County Treasury.

The Committee recommends that the County Treasury should ensure timely release of funds to the County Assembly.

## **2. Unresolved Prior Year's Audit Issues**

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

The report on progress made in resolving audit issues highlighted in the previous year's report indicates that all the eight (8) issues had not been resolved as at 30 June, 2020 but Management has indicated that it has nominated officers to follow-up on the issues.

### **Management Responses**

Prior year audit issues have been resolved in-house. This will be evidenced in the yet to be issued FY 2020/2021 audit certificate.

The audit certificate will be issued by the auditor general. It will also be discussed by the senate PAC committee.

### **Committee's Observation and Recommendation**

**The Committee noted that the report on the prior year issues was awaiting tabling in the Senate.**

**The Committee, recommends that the County Assembly should continuously engage the Auditor General and other relevant offices to resolve the outstanding matters.**

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

### **1. Compliance with the Public Procurement and Asset Disposal Act, 2015**

During the year under review, the Assembly procured CCTV Cameras worth Kshs.2, 850,000 through request for quotations contrary to the requirements of Legal Notice No.106 of 18 June, 2013, on the amendments of the Public Procurement and Assets Disposal Act, 2015 which provides a new threshold matrix requiring value of goods and services above Kshs.2, 000,000 to be procured through open tender. It was further noted that the expenditure was charged on other operating expenses account in the budget hence reallocation of funds. The Assembly did not notify the unsuccessful bidders as required under Section 87(3) of Public Procurement and Asset Disposal Act, 2015.

Further, a review of the Assembly procurement transactions for the 2019/20 financial year revealed that the Assembly did not procure goods, works and services through the e-procurement platform. This implies that the Assembly did not comply with the Executive Order No. 2 of 2018 on implementation of e-procurement.

Consequently, the Assembly was in breach the law.

### **Management Response**

As provided for by legal notice 106 of June 2018, the threshold for goods and works is Kshs 2 million and 4 million respectively. The quotation under review involved both delivery of goods and a component of works. The quotation was mistakenly treated as works which meets the threshold provided for by the legal notice under question. The management of Wajir County Assembly commits to fully comply with all existing laws in the execution of all its activities.

In future, approvals will be obtained from the county treasury for all minor reallocations.

Unsuccessful bidders were notified as evidenced by attached regret letters.

The assembly faces a myriad of challenges in implementing e-procurement. The management undertakes to implement the executive order as soon as possible.

### **Committee's Observation and Recommendation**

**The Committee noted that the Management did not seek approval from the County Treasury contrary to the Public Procurement and Assets Disposal Act.**

**The Committee recommends that the County Assembly should implement and operationalize the E-procurement within 60 days from the adoption of this report.**

#### **2. Non-compliance with Staffing Level Ceiling**

A review of the Assembly payroll for the month of June, 2020 indicates the Assembly had a total of one hundred and ninety-six (196) employees. The County Assembly of Wajir falls under Group 2 of the Commission on Revenue Allocation, CRA classification of County Assemblies. The CRA circular Ref: CRA/FA/01 VOL 11 (22) dated 28 June, 2018 on County Government Recurrent Expenditure ceilings addressed to County Governors and Speakers of County Assemblies, capped the maximum number of staff at 100, for all counties that fall under Group 2. This implies that the Assembly exceeded the maximum number of staff by ninety-six (96).

Consequently, the Assembly was in breach the law.

### **Management Response**

The members of the first Wajir County Assembly Service Board (CASB) have recruited more staff than the threshold required by the Salaries and Remuneration Commission (SRC). The County Assembly is in the process of engaging HR firm to advice on the best ways of getting to the threshold while at the same time not contravening the employment and Labor ACT.

In addition, we have frozen all new employments. It was also resolved in-house that vacancies arising out of retirement, death etc. are filled internally.

### **Committee's Observations and Recommendation**

**The Committee observed that the County Assembly was overstaffed by 96 members of staff. The Committee further observed that the matter was pending in Court.**

**The Committee recommends that the management expedites the matter.**

#### **3. Unsupported Pending Bills**

The financial statements for the year ended 30 June, 2020 is accumulated pending accounts payables balance of Kshs.248, 935,652 comprising of compensation of employees and supply of goods, works and services. However, the pending bills balance was not supported with source documents such as Invoices and Local Purchase Orders and Local Service Orders. Further, a schedule of individual supplier accounts indicating name of supplier, contract amounts, amount paid during the year and outstanding balance at the close of the year, was not provided.

In the absence of supporting documents, it was not possible to confirm the authenticity of pending bills amounting to Kshs.248, 935,652 disclosed in the financial statements.

### **Management Response**

The declaration of pending bill in the financial statement has been gradually introduced by the PSASB over the years. It is possible that we may not have captured information on pending bills in the format required by PSASB in the year under question. However, the auditors' recommendations have been implemented in subsequent years whereby information on pending bills in the financial statement is as per the latest template provided by the IPSASB.

### **Committee's Observation and Recommendation**

The Committee observed that the County Assembly did not use the prescribed format by the PSASB.

The Committee recommends that the County Assembly should adhere to the reporting format issued by the PSASB.

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

### **1. Summary of Fixed Assets**

In the financial statements is the summary of fixed assets which reflects Kshs. 81,165,921 being total assets owned by the Assembly as at 30 June, 2020. However, the asset register availed for audit review did not indicate the land and buildings occupied by the Assembly that was inherited from the defunct Wajir County Council. As a result, the asset register did not include all the fixed assets owned by the Assembly.

In the circumstances, existence of an effectiveness mechanism to safeguard the assets could not be ascertained.

### **Management Response**

The reason as to why we were unable to capture details of land and buildings in the assets register has to do with values attached to these assets. We intend to engage professional valuers to complete the process in the course of the current financial year.

### **Committee's Observations and Recommendations**

The Committee noted that—

- (i) the County asset register was not updated making it impossible to determine the actual value of the assets;
- (ii) the County was in violation of Section 149 of the PFM Act for not keeping a properly updated fixed assets register;
- (iii) the Inter-Governmental Relations Technical Committee had since completed the exercise and report provided to county governments in February, 2020; and
- (iv) the National Treasury issued Circular No. 5/2020 of 25<sup>th</sup> February, 2020 on Assets Register giving guidelines on the standard format.

**The Committee recommends that the County Executive should fast track the assets valuation and have them included in the fixed assets register in the format prescribed by the National Treasury and submit to the Office of the Auditor-General for verification within sixty (60) days from the adoption of this report.**

## **2. Incomplete Data Capture in IFMIS**

A review of ledgers supporting the financial statements figures indicated that payment transactions did not have description of the nature and purpose of the payments. The explanation provided for this omission was failure to capture the description of payments in IFMIS during invoicing. Failure to capture all the required data during processing of transactions in the accounting system leads to incomplete and unreliable reports generated from the system.

In the circumstances, it has not been possible to confirm whether reports generated from IFMIS were complete and reliable.

### **Management Response**

This was noted. Descriptions and nature of payments of all transactions were captured the immediately the recommendations were received from the office of the Auditor General

### **Committee's Observations and Recommendations**

**The Committee noted that the accuracy of the financial statements and the IFMIS is a prime responsibility of the County Assembly. The Committee, further, observed that it's the user's responsibility to clear outstanding effects in IFMIS systems through auto-reconciliations regularly.**

**The Committee recommends that the Assembly CEO should liaise with the National Treasury to clear the unreconciled balances. The Committee further recommends that the county Assembly should also liaise with the National Treasury to train the staff and have staff committed to regularly interrogate the system.**

## **3. Failure to Establish Audit Committee**

As reported earlier during the financial year 2018/2019, the Assembly had not yet established an audit committee to assist in monitoring the accountability processes and control systems, and offer objective advice on issues concerning risk, control, regulatory requirements and governance of the County. There was no evidence that the Management had established an Audit Committee to monitor its operations.

Consequently, it has not been possible to establish the reliability of the system to ensure the presence of good governance mechanism.

#### **Management Response**

The Wajir County Assembly Service Board is in the process of recruiting substantive members of the audit Committee and we intend to resolve this matter before the end of the current Financial Year.

#### **Committee's Observation and Recommendation**

**The Committee noted that the Assembly had not set up and operationalized an Audit Committee.**

**The Committee recommends that the County Assembly should ensure the Committee is put in place and operationalized within 60 days from the adoption of this report.**

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

Review of records and interviews with Management, however indicated that the County Assembly had not established a Risk Management System. An effective reporting system that entailed hotlines, reporting centers and whistle blower facilities had not been established to support accountable and effective management of the financial and other managerial operations of the County Assembly.

I am unable to confirm the existence of a vibrant Risk Management Policy to identify and forestall incidence(s) whenever any risk crystallizes.

#### **Management Response**

This is well noted and the recommendations will be fully implemented. We have already initiated this process and we shall have one before the end of the current financial year.

#### **Committee's Observation and Recommendation**

**The Committee noted that the Assembly had not established a Risk Management Policy.**

**The Committee recommends that the Management should ensure the comprehensive Risk Management Policy is put in place and a report given to the Auditor General for verification within 60 days from the adoption of this report.**

#### **5. Failure to Maintain Staff Establishment**

The Assembly did not maintain a comprehensive approved staff establishment that indicates the optimal number of staff for each category, the number in post and the variance.

In the absence of an approved establishment, it was not possible to ascertain whether the Assembly was operating within optimal level of staff establishment.

### **Management Response**

Wajir County Assembly Service Board is in the process of adopting SOCATT proposed staff establishment

### **Committee's Observation and Recommendation**

**The Committee noted that the Assembly did not Maintain Staff Establishment and the matter on staff rationalization was pending before a court of law.**

**The Committee recommends that the management should engage courts with a view of expediting court case and bring the matter to a conclusion.**

#### **6. Recruitment of Ward County Employees**

During the year under review, the Assembly paid an amount of Kshs. 35,678,184 on basic wages of temporary employees based at the Ward offices. However, details of the employees, authority to hire, the process of hiring, terms of engagement and duties performed by the employees were not provided for audit review.

Consequently, the Assembly's internal control systems and processes are weak and could lead to fictitious persons being paid.

### **Management Response**

As required by part V (2) of Wajir County Assembly Service (Ward Offices) regulation 2015, recruitment of ward staff is done by the Members of Wajir County Assembly subject to maximum salary of Kshs. 60,000 per month per ward. Payrolls, employment offer letters, contracts and Ward Office Staff Details (Form/WCA/WO/02) are maintained for each Ward Office Staff.

### **Committee's Observation and Recommendation**

**The Committee noted that the matter has since been addressed. The Committee recommends that the matter be marked as resolved.**

**MINUTES OF THE 22<sup>nd</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR KILIFI COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON FRIDAY 13<sup>TH</sup> MAY, 2022 AT HOTEL ENGLISH POINT MARINA, MOMBASA COUNTY, AT 2:00 P.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayaako, EGH, MP -Chairperson
2. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson
3. Sen. Johnes Mwaruma, MP
4. Sen. Mercy Chebeni, MP
5. Sen. Fatuma Dullo, MP
6. Sen. Kimani Wamatangi, MP
7. Sen. Samson Cherarkey, MP
8. Sen. Njeru Ndwiga, EGH, MP

**ABSENT WITH APOLOGY**

9. Sen. (Prof.) Imana Malachy Ekal, MP

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. Mr. George Otieno -Senior Clerk Assistant
2. Mr. Joseph Mwangi -Clerk Assistant
3. Mr. Yusuf Shimoy -Clerk Assistant
4. Mr. Erick Ososi -Research Officer
5. Ms. Carolyn Cheruiyot -Legal Counsel
6. Mr. Philip Kipkemboi -Audio Officer
7. Ms. Millicent Ratemo -Audio Officer
8. Ms. Alice Nanyama -Secretary
9. Mr. James Ngusya -Serjeant at Arms
10. Mr. Athman Ramadhan -Intern
11. Mr. Collins Mpilei -Intern
12. Mr. Mariko Roche -Office Assistant

**IN ATTENDANCE**

**KILIFI COUNTY ASSEMBLY**

1. Hon. Jimmy Kahindi -County Speaker
2. Mr. Michael Ngala -Clerk of the County Assembly
3. Mr. Charles M. Lwiga -Director Finance
4. Mr. Simon Ngala -Finance Officer
5. Ms. Christine Furaha -Finance Officer
6. Ms. Christine K. Charo -Accountant
7. Ms. Edna Pendo S. -Committee Clerk
8. Mr. Gideon Karisa -Internal Auditor
9. Mr. Joseph Chaka -Accountant

**OFFICE OF THE AUDITOR GENERAL**

- 1. Mr. David Sumaili -Parliamentary Liaison Officer
- 2. Mr. Justus Okumu -D.A Coast Regional Office
- 3. Mr. Dickson Wamalwa -Principal Auditor

**NATIONAL TREASURY**

Dr. Cyrus Munyua -Parliamentary Liaison Officer

**ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti -Parliamentary Liaison Officer

**MIN. NO. SEN/CPAIC/122/2022: PRELIMINARIES**

The meeting was called to order at 2:00 pm and the Chairperson led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/123/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Samson Cherarkey, and seconded by Sen. Kimani Wamatangi, as follows;

- 1. Preliminaries
  - a. Prayer
  - b. Introductions
- 2. Adoption of the agenda
- 3. Administration of Oath
- 4. Consideration of the Audit Report of Kilifi County Assembly for the financial year 2019/2020
- 5. Any Other Business
- 6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/124/2022: ADMINISTRATION OF OATH**

The Speaker of Kilifi County assembly Hon. Jimmy Kahindi took Oath of Witness, Followed by The Clerk of the county Assembly Michael Ngala who took Oath of witness and tabled the Management responses and supporting documents for the Financial year 2019/2020.

**MIN. NO. SEN/CPAIC/125/2022: CONSIDERATION OF THE AUDIT REPORT OF KILIFI COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2018/2019**

**Basis for Qualified Opinion**

<b>Audit Query</b>	<b>Concern</b>	<b>Observation and Recommendations</b>
1. Variances Between Financial Statements and IFMIS	The completeness and accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.	The auditor informed the Committee that the matter had been fully addressed

2. Basic Salaries of Temporary Employees	the accuracy and validity of the expenditure of Kshs.40,501,085 incurred on basic wages for temporary employees could not be confirmed	The auditor informed the Committee that the matter had been addressed, although the county assembly provided the documents late.
3. Unsupported Expenditure	The propriety of the expenditure of Kshs.178,846,115 incurred on domestic travel and subsistence could not be confirmed.	The auditor informed the Committee that the matter had been addressed, although the county assembly provided the documents late
<b>Key Audit Matter</b>		
<b>Other Matter</b>		
1. Budgetary Control and Performance	The County Assembly spent Kshs.1,002,100,930 against an approved budget of Kshs.976,877,640 resulting to an over-expenditure of Kshs.25,223,290 or 25.8% of the budget.	The auditor informed the committee that the matter was still pending.  The Committee resolved to use the Management Response during Report Writing.
1.1 Receipts and Payments Budgets		
1.2 Late Exchequer Releases	The late Exchequer releases of Kshs.55,752,000 contributed to the under absorption of budget of Kshs.25,223,290 or 17%.	The auditor informed the Committee that the matter was still pending  The Committee resolved to use the Management Response during Report Writing.
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1. Acquisition of Assets	Delayed completion and additional costs of the project may deny the residents of Kilifi value for money	The auditor informed the committee the matter had not been addressed.  The Committee resolved to use the Management Response during Report Writing.
2. Outstanding Imprests	Management is, therefore, in breach of regulations on issue and surrender of imprests.	The auditor informed the committee that the matter had adequately addressed.  The committee however resolved that the management to supply the names of MCA's involved within the next 10 days
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>		

Failure to Constitute an Audit Committee	As reported in the previous year, the County Assembly had not constituted an Audit Committee, contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires each public entity to establish an Audit Committee.	The auditor informed the committee that the matter had been addressed.
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**CLOSING REMARKS**

Hon. Mercy Chebeni thanked the Management for appearing before the committee. She advised them to look into the matter of late submissions and address it.

The speaker of Kilifi County Hon. Jimmy Kahindi Assembly mentioned that on their part they have been attempting to do better, and they are hoping in the next audit they will have a clean report.

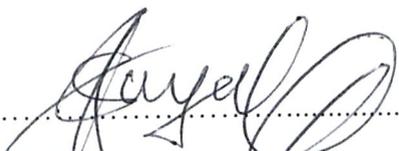
Hon. Njeru Ndwiga thanked the management for appearing before the committee. Asked them to take the council they had received from the committee

**MIN. NO. SEN/CPAIC/126/2022: ANY OTHER BUSINESS**

There was no other business

**MIN. NO. SEN/CPAIC/127/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 2:49 pm. The next meeting would be held at 3:00 pm.

Signed.....

Date.....11/06/22

**Sen. (Dr.) Ochillo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investment Committee**

**MINUTES OF THE 23<sup>rd</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR KWALE COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON FRIDAY 13<sup>TH</sup> MAY, 2022 AT ENGLISH POINT MARINA AT 3:30 P.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP      **-Chairperson**
2. Sen. (Eng). Hargura Godana, MP      **-Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP
4. Sen. Mercy Chebeni, MP
5. Sen. Johnes Mwaruma, MP
6. Sen. Samson Cherarkey, MP
7. Sen. Kimani Wamatangi, MP
8. Sen. Njeru Ndwiga, MP

**ABSENT WITH APOLOGY**

9. Sen. (Prof.) Imana Malachy Ekal, MP

**SENATE SECRETARIAT**

1. Mr. George Otieno      -Senior Clerk Assistant
2. Mr. Joseph Mwangi      -Senior Clerk Assistant
3. Mr. Yussuf Shimoy      -Clerk Assistant
4. Ms. Carolyne Cheruiyot      - Legal Counsel
5. Mr. Eric Ososi      -Research Officer
6. Mr. James Ngusia      -Serjeant-at-Arms
7. Mr. Philip Kipkemboi      -Audio Officer
8. Ms. Millicent Ratemo      -Audio Officer
9. Mr. Collins Mpilei      -Intern
10. Mr. Athman Ramadhan      -Intern
11. Ms. Alice Nanyama      -Secretary

**IN ATTENDANCE**

**KWALE COUNTY ASSEMBLY**

1. Hon. Sammy N. Ruwa      -County Speaker
2. Ms. Fatuma Mwalupa      -Ag. Clerk
3. Mr. Paul Mwero      -Dir. IT & Communication
4. Mr. Dickson Mangale      -I.A
5. Mr. John Kalm      -Procurement Officer
6. Mr. Elias Matanga      -Accounts Ass.
7. Mr. Pilani Magumi      -Accounts Ass.
8. Mr. Philip Ziro      -Dir. Finance & Accounts

**OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili      -Parliamentary Liaison Officer
2. Mr. F.T Kimani      -Principal Auditor

3. Mr. Justus Okumu -Director Audit  
**NATIONAL TREASURY**  
 Dr. Cyrus Munyua -Parliamentary Liaison officer

**ETHICS AND ANTI-CORRUPTION COMMISSION**  
 Mr. Patrick Kinoti -Parliamentary Liaison officer

**MIN. NO. SEN/CPAIC/128/2022: PRELIMINARIES**

The meeting was called to order at 3:32 am and the Chairman led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/129/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Samson Cherarkey, and seconded by Sen. Johnes Mwaruma, as follows-

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of KWALE County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/130/2022: ADMINISTRATION OF OATH**

The Speaker of KWALE County Assembly Hon. Sammy N. Ruwa took Oath of Witness. Thereafter, the Clerk of the Assembly Ms. Fatuma Mwalupa took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

**MIN. NO. SEN/CPAIC/131/2022: CONSIDERATION OF THE AUDIT REPORT OF KWALE COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020**

**Basis for Qualified Opinion**

<b>Audit Query</b>	<b>Concern</b>	<b>Observation and Recommendations</b>
1.0 Inaccuracies in Bank Balance	The bank balance of Kshs.55, 231,226 as at 30 June, 2020 is inaccurate.	The Committee was informed by the auditor that the matter had been adequately addressed.
2.0 Irregular Payment of Compensation of Employees	The accuracy of compensation of employees'	The Committee was informed by the auditor

	expenditure of Kshs.251, 878,861 as at 30 June, 2020 could not be confirmed.	that the matter had been adequately addressed.
3.0 Use of Goods and Services 3.1 Domestic Travel and Subsistence Allowances	The accuracy, completeness and validity of domestic travel and subsistence allowances expenditure of Kshs.110, 186,658 for the year ended 30 June, 2020 could not be confirmed.	The auditor indicated that the matter was still outstanding. The committee directed the management to provide the missing voucher within the next (2) two weeks to the auditor for verification.
3.2 Foreign Travel and Subsistence Allowances	The accuracy, completeness and validity of foreign travel and subsistence allowances expenditure of Kshs.28, 560,939 for the year ended 30 June, 2020 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
3.3 Training Costs	The propriety and validity of training expenses amounting to Kshs.4,297,800 could not be confirmed	The auditor indicated that the matter was still outstanding. The committee directed the management to provide the complete voucher and support documents within the next (2) two weeks to the auditor for verification.
3.4 Other Operating Expenses – Legal Expenses	The Management did not provide the case files and details of instructions from the County Assembly for	The auditor indicated that the matter was still pending. The committee directed the management to

	<p>representation for audit review. Further, approval and concurrence by the Attorney-General as required by the Attorney-General Circular Ref. AG/CONF/6/E/247 VOL.II of 16 April, 2014 was not provided for audit review.</p>	<p>ensure that they follow due process next time.</p>
<p>3.5 Irregular Payments to the County Assembly Forum and the County Assembly Sports Association</p>	<p>The propriety and validity of other operating expenses amount of Kshs.23,498,956 could not be confirmed</p>	<p>The auditor indicated that the matter was still pending. The committee directed the management to desist from making such contributions.</p>
<p>4.0 Acquisition of Assets 4.1 Variance with Summary of Fixed Assets Register</p>	<p>The accuracy and completeness of the acquisition of assets expenditure of Kshs.175, 000,626 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>The Committee was informed by the auditor that the matter had been adequately addressed.</p>
<p>4.2 Lack of Ownership Documents for Land</p>	<p>The ownership, custody and safeguard of land on which assets worth Kshs.73, 304,211 had been constructed could not be confirmed.</p>	<p>The auditor indicated that the matter was still outstanding. The committee directed the management to give the auditor the stage of documentation within the next (2) two weeks.</p>
<p>5.0 Accounts Receivables – Prepayments and Advances</p>	<p>The recoverability in full of Kshs.6, 018,449 in respect of accounts receivables –</p>	<p>The Committee was informed by the auditor that the matter had been adequately addressed.</p>

	prepayments and advances as at 30 June, 2020 could not be confirmed.	
<b>Key Audit Matters</b>		
<b>Other Matter</b>		
1.0 Budgetary Control and Performance	There was a shortfall of Kshs. Kshs.193, 256,895 or 21% of the budget.	The auditor indicated that the matter was still pending. To be discussed at the big 5 meeting since the issue is cross cutting.
2.0 Late Exchequer Release	The late Exchequer releases of Kshs.142, 245,808 may have largely contributed to the under absorption of budget of Kshs.195, 241,156 or 21%.	The auditor indicated that the matter was still pending. To be discussed at the big 5 meeting since the issue is cross cutting.
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1.0 Construction of the County Assembly Complex	Value for money has not been realised in the construction of the County Assembly Complex due to the delays in completion of the works.	The auditor indicated that the matter was still outstanding. The committee directed the management to get the performance bond from the contractor within the next (2) two weeks.
2.0 Failure to Observe One Third Staff Establishment Rule	A review of personnel records revealed that, the County Assembly had a staff establishment of sixty-one (61) employees as at 30 June, 2020. Review of the staff	The auditor indicated that the matter was still outstanding. The committee directed the management to avail a breakdown of how they intend to comply with the

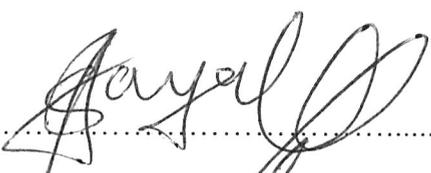
	establishment revealed that the County Assembly had fifty-one (51) or 84% of the employees coming from the dominant community while the other ten (10) or 16% were from the other communities.	1/3 gender rule within the next 10 days.
3.0 Telephone Allowances	Audit of payroll records revealed that telephone allowances amounting to Kshs.904, 000 were paid to staff of County Assembly during the year under review, contrary to the Salary and Remuneration Commission of Kenya Circular Ref. No. SRC/TS/CGOVT/3/16 of 29 July, 2013.	The auditor indicated that the matter was still outstanding. The committee directed the management to provide authorization for this expenditure to the auditor for verification within the next (1) one week.

**MIN. NO. SEN/CPAIC/132/2022: ANY OTHER BUSINESS**

The committee discussed the county visit to be undertaken the following day at Kwale County. The committee will pay a courtesy call on the governor then later on visit the sports complex construction site and the governor’s house construction site to carry out inspection.

**MIN. NO. SEN/CPAIC/133/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 5.37pm. The next meeting would be at 10.00am the following day.

Signed.....

Date.....11/06/22.....

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investment Committee**

**MINUTES OF THE 20<sup>th</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR TAITA TAVETA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON FRIDAY 13<sup>TH</sup> MAY, 2022 AT HOTEL ENGLISH POINT MARINA, MOMBASA COUNTY, AT 9:00 A.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
2. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson
3. Sen. Johnes Mwaruma, MP
4. Sen. Mercy Chebeni, MP
5. Sen. Fatuma Dullo, MP
6. Sen. Kimani Wamatangi, MP
7. Sen. Samson Cherarkey, MP

**ABSENT WITH APOLOGY**

8. Sen. Njeru Ndwiga, EGH, MP
9. Sen. (Prof.) Imana Malachy Ekal, MP

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. George Otieno -Senior Clerk Assistant
2. Mr. Joseph Mwangi -Clerk Assistant
3. Mr. Yusuf Shimoy -Clerk Assistant
4. Mr. Erick Osoi -Research Officer
5. Ms. Carolyne Cheruiyot -Legal Counsel
6. Ms. Lucyane Limo -Media Relation Officer
7. Mr. Philip Kipkemboi -Audio Officer
8. Ms. Millicent Ratemo -Audio Officer
9. Ms. Alice Nanyama -Secretary
10. Mr. James Ngusya -Serjeant at Arms
11. Mr. Athman Ramadhan -Intern
12. Mr. Collins Mpilei -Intern
13. Mr. Mariko Roche -Office Assistant

**IN ATTENDANCE**

**TAITA TAVETA COUNTY ASSEMBLY**

1. Hon. Meshack Maghanga -County Speaker
2. Mr. Gadiel Mmambo -Clerk of the County Assembly
3. Mr. Joseph Waduu -DFA
4. Ms. Margaret Mwanguo -Senior Accountant
5. Ms. Jemimah Wughanga -Senior Accountant

**OFFICE OF THE AUDITOR GENERAL**

- |                      |                                |
|----------------------|--------------------------------|
| 1. Mr. David Sumaili | -Parliamentary Liaison Officer |
| 2. Mr. Justus Okumu  | -D.A Coast Regional Office     |
| 3. Mr. F.T Kimani    | -Principal Auditor             |

**NATIONAL TREASURY**

Dr. Cyrus Munyua -Parliamentary Liaison Officer

**ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti -Parliamentary Liaison Officer

**MIN. NO. SEN/CPAIC/110/2022: PRELIMINARIES**

The meeting was called to order at 9:13 am and the Chairperson led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/111/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Mercy Chebeni, MP and seconded by Sen. Fatuma Dullo, MP as follows;

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of Taita Taveta County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/112/2022: ADMINISTRATION OF OATH**

The Speaker of Taita Taveta County assembly Hon. Meshack Maghanga took Oath of Witness, Followed by The Clerk of the county Assembly who took Oath of witness and tabled the Management responses and supporting documents for the Financial year 2019/2020.

**MIN. NO. SEN/CPAIC/113/2022: CONSIDERATION OF THE AUDIT REPORT OF TAITA TAVETA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2018/2019**

**Basis for Qualified Opinion**

<b>Audit Query</b>	<b>Concern</b>	<b>Observation and Recommendations</b>
1.0 Discrepancies in the Financial Statements	The accuracy and completeness of the receipts and payments balances totalling Kshs.593,911,763 and Kshs.593,880,350 respectively reflected in the statement of receipts and	The auditor informed the Committee that the matter had not been fully addressed.
1.1 Variances Between Financial Statements and Integrated Financial		The management was directed to give to the auditors documents to account for Kshs

Management System (IFMIS) Report	payments for the year ended 30 June, 2020 could not be confirmed.	8M within a week and auditor to advise the Committee.
1.2 Overcast Cash Balance in the Statement of Cash flows	The accuracy and completeness of the statement of assets and liabilities as at 30 June, 2020 and the statement of cash flows for the year then ended could not be confirmed.	The auditor informed the Committee that the matter had been addressed.
1.3 Unsupported Prior Year Adjustments	The accuracy of the balance could not be confirmed.	The auditor informed the Committee that the matter had been addressed.
1.4 Differences in Budget Balances.	The statement of comparison of budget and actual amounts: recurrent and development combined reflects total budgeted expenditure totalling Kshs.627,775,000 which, however, differs with the balance of Kshs.582,775,000 reflected in respect to the account in the statement of budget execution by programmes and sub-programmes. The resultant difference of Kshs.45,000,000 was not explained.	The OAG informed the Committee that the matter had been addressed.
1.5 Undisclosed Deposits and Retentions	The accuracy and completeness of the accounts payables as at 30 June, 2020 could not be confirmed.	The auditor informed the Committee that the matter had been addressed.
1.6 Overstated Pending Bills	Note 1 and Note 2 on other important disclosures to the financial statements reflect pending accounts payables totalling Kshs.30,116,116 and pending staff payables totalling Kshs.3,147,010 as at 30 June, 2020 respectively. However, the following anomalies were noted in regard to the two sets of pending bills totalling Kshs.33,263,126:	The auditor informed the Committee that the matter had been addressed.
1.6.1 Accounts Payables	The accounts payables balance reflected in the financial statements is overcast by KShs.22,499,931.	The auditor informed the Committee that the matter had been addressed

1.6.2 Pending Bills	The accuracy and completeness of the pending bills balance totalling Kshs.33,263,126 reflected in the financial statements has not been confirmed.	The auditor informed the Committee that the matter had been addressed
1.7 Unreconciled Exchequer Releases	The accuracy and completeness of the Exchequer releases totalling Kshs.587,000,000 for the year ended 30 June, 2020 could not be confirmed.	The auditor informed the Committee that the matter had been addressed.
1.8 Overstated Other Receipts	The other receipts balance totalling Kshs.6,911,763 is overstated by Kshs.3,911,763.	The auditor informed the committee that the matter had been addressed.
2.1. Domestic Travel Expenditure	Included in the domestic travel and subsistence expenditure totalling Kshs.197,373,774 highlighted in Note 5 to the financial statements are unsupported payments amounting to Kshs.6,051,900.	The auditor informed the committee that the matter had been addressed.
2.2. Foreign Travel Expenses	The payments for domestic and foreign travel as well as training expenses totalling Kshs.11,445,311 could not be confirmed.	The auditor informed the committee that the matter had been addressed.
2.3. Training Expenses	The occurrence, measurement and validity of the payments for domestic and foreign travel as well as training expenses totalling Kshs.11,445,311 could not be confirmed.	The auditor informed the committee that the matter had been addressed.
3. Inaccurate Summary of Fixed Assets Register	The completeness and accuracy of the fixed assets balance totalling Kshs.109,783,935 reflected in the summary of fixed assets as at 30 June, 2020 could not be confirmed.	The auditor informed the committee that the matter had been addressed.
<b>Key Audit Matter</b>		
<b>Other Matter</b>		
1. Budgetary Control and Performance	The County Executive expended Kshs.593,880,350 against an approved budget of Kshs.627,775,000 resulting to under-expenditure of Kshs.33,895,649 or 5% of the budget. As a result, all the	The auditor informed the committee that the matter was still pending.  The Committee resolved that this was a generic occurrence.

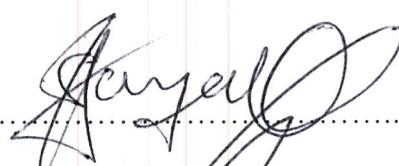
	activities planned for the year were not implemented.	
2. Incomplete Report on Prior Year Issues	The report on progress on follow up on prior year auditor's recommendations is not complete and does not meet the requirements set by the Public Sector Accounting Standards Board.	The auditor informed the Committee that the matter was still pending  The Committee resolved to give way forward.
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
Outstanding Imprests	Management is, therefore, in breach of regulations on issue and surrender of imprests.	The auditor informed the committee that the matter had been addressed.
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>		
Lack of Controls on Management of Fixed Assets	The dates of acquisition and costs of the assets were not indicated in the fixed assets register and the assets were not tagged to disclose their location and users.	The auditor informed the committee that the matter had been resolved

**MIN. NO. SEN/CPAIC/114/2022: ANY OTHER BUSINESS**

EACC liaison officers gave an advisory to the County Assembly that imprest to be given to an individual and surrendered by an individual.

**MIN. NO. SEN/CPAIC/115/2021: ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 9:41 am. The next meeting would be held at 11.00 am same day.

Signed.....

Date.....11/06/22.....

**Sen. (Dr.) Ochillo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investments Committee**

**MINUTES OF THE 30TH SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR GARISSA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON TUESDAY 23<sup>rd</sup> MAY, 2022 AT K.I.C.C, SHIMBA HILLS HALL AT 10:00 A.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
2. Sen. Adan Dullo Fatuma, CBS, MP
3. Sen. Njeru Ndwiga, EGH, MP
4. Sen. Johnes Mwaruma, MP
5. Sen. Mercy Chebeni, MP
6. Sen. Samson Cherarkey, MP

**ABSENT WITH APOLOGY**

7. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson
8. Sen. Kimani Wamatangi, MP
9. Sen. (Prof.) Imani Malachy Ekal, MP

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. Mr. George Otieno -Clerk Assistant
2. Mr. Victor Kimani -A.O
3. Mr. Hussein Salat -Fiscal Analyst
4. Mr. Eric Osoi -Research Officer
5. Mr. Philip Kipkemboi -Audio Officer
6. Millicent Ratemo -Audio officer
7. Mr. James Ngusya -Serjeant at Arms
8. Mr. Collins Mpilei -Intern
9. Ms. Hafswa Abdillahi -Intern
10. Athman Ramadhan -Intern
11. Chaneal Ngángá - Attachee

**IN ATTENDANCE**

**GARISSA COUNTY ASSEMBLY**

1. Ahmed Abass - Speaker
2. Mr. Mohamud Santur - Clerk
3. Tom S.M Thuku - Deputy Director Finance
4. Abdalla A. Ali - Assistant Director Accounting Services
5. Ibrahim Abdul - ADO
6. Rahma A. A. - ACC
7. Fatuma H. Dagane - Fiscal Analyst
8. Sofia Sheikh - Finance
9. Mohamed Idhifle - Finance
10. Issack Yussuf -Procurement
11. Abdinoor Duale -Auditor
12. M.A Birik - Accountant

13. Yunis Fan Mohamed

- Principal Sergeant At Arms

#### **OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili -Parliamentary Liaison Officer
2. Mr. Herrie Njoroge - AG Director
3. Mr. Yuvinalis Abongo - Office of the Auditor General

#### **NATIONAL TREASURY**

1. Dr. Cyrus Munyua - National Treasury

#### **ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti -Parliamentary Liaison officer

#### **MIN. NO. SEN/CPAIC/167/2022: PRELIMINARIES**

The meeting was called to order at 10:12am and the Chairperson led in a word of prayer. Thereafter introductions followed.

#### **MIN. NO. SEN/CPAIC/168/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Njeru Ndwiga, MP, and seconded by Sen. Mercy Chebeni, MP, as follows;

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of MACHAKOS County Executive for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

#### **MIN. NO. SEN/CPAIC/169/2022: ADMINISTRATION OF OATH**

The Speaker of Garissa County assembly Hon. Ahmed Abass took Oath of Witness. Thereafter, the clerk of Assembly Mr. Mohamud Santur took an oath of witness and tabled management responses and supporting documents for the financial year 2019/2020.

#### **MIN. NO. SEN/CPAIC/170/2022: CONSIDERATION OF THE AUDIT REPORT OF MACHAKOS COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2019/2020**

##### **Basis for Qualified Opinion**

Audit Query	Concern	Observation and Recommendations
1.0 Unsupported Expenditure	The accuracy and completeness of the expenditure of Kshs.225,436983 in respect of use of goods and services could not be confirmed	The auditor informed the committee that it has been adequately addressed
2.0 Unauthorised Re-Allocation of Funds	In view of the foregoing, the validity of the expenditure of Kshs. 3777,999 on sanitary items as at 30June, 2020 could not be confirmed.	The management was asked to give a detailed report within 7 days. Auditors to verify and advice committee.
3.0 Irregular Contributions and Annual Subscriptions	The validity of the expenditure of Kshs. 4,400,000 to the county Assemblies Forum as 30 June, 2020 could not be confirmed	The committee will use the management responses during its report writing session
<b>Key Audit Matters</b>		
<b>Other Matter</b>		
Budget Control and Performance	There was an under-funding of Kshs 16,402,040 or 2% of the budget.	The committee will use the management responses during its report writing session
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
Failure to Implement E-procurement	Review of the county assembly procurement transactions for the year 2019/2020 financial year revealed that the county Assembly processed the procurement of goods, works and services manually and not through the e-procurement platform. This was contrary to Executive Order No.2 of 2018.	The management was asked to give a detailed report in 7 days. Auditors to verify whether they are currently compliant
<b>4. REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANACE</b>		

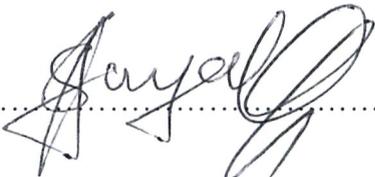
1.0 Failure to Update Assets Register	The register did not have a provision for additions and disposals of assets making it difficult to update the register for the additions to the existing assets or disposal of assets when such updates were required.	The auditor informed the committee that it has been adequately addressed
2.0 Lack of Approved Internal Audit Charter	A review of the governance structures in the Assembly revealed that the assembly does not have an approved internal audit charter that spells out in the internal audit purpose, authority and responsibility.	The auditor informed the committee that it has been adequately addressed

**MIN. NO. SEN/CPAIC/171/2022: ANY OTHER BUSINESS**

The secretariat informed the committee that they had received a letter from Taita-Taveta county executive. The governor is unable to appear before the committee due to health reasons, he therefore, proposes to appear before the committee on a later date. The committee resolved for them to come on 6<sup>th</sup> of June.

**MIN. NO. SEN/CPAIC/172/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 11.00am. The next meeting would be at 11.15am on the same day.

Signed.....

Date.....11/06/22

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investment Committee**

**MINUTES OF THE 34<sup>TH</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR MANDERA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON TUESDAY 24<sup>TH</sup> MAY, 2022 AT K.I.C.C, SHIMBA HILLS HALL AT 12:30 P.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
2. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson
3. Sen. Adan Dullo Fatuma, CBS, MP
4. Sen. Mercy Chebeni, MP
5. Sen. Johnes Mwaruma, MP
6. Sen. Samson Cherarkey, MP
7. Sen. Njeru Ndwiga, MP

**ABSENT WITH APOLOGY**

8. Sen. Kimani Wamatangi, MP
9. Sen. (Prof.) Imana Malachy Ekal, MP

**SENATE SECRETARIAT**

1. Mr. George Otieno -Senior Clerk Assistant
2. Mr. Malcolm Ngugi - Legal Counsel
3. Mr. Eric Ososi -Research Officer
4. Mr. James Ngusia -Serjeant-at-Arms
5. Mr. Victor Kimani -Audio Officer
6. Mr. Collins Mpilei -Intern
7. Mr. Athman Ramadhan -Intern
8. Ms. Hafswa Abdillahi -Intern

**IN ATTENDANCE**

**MANDERA COUNTY ASSEMBLY**

1. Hon. Saad Sheikh -Vice Chair MCASB
2. Mr. Ahmed H. Surow -Clerk
3. Ms. Fatuma Ibrahim -Board Member
4. Mr. Mohamed Kahia -DFU
5. Mr. Yunis Samow -Chief Account

**OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili -Parliamentary Liaison Officer
2. Mr. Herrie Njoroge - As. Director OAG
3. Mr. Abdirahman A. -Principal Auditor

**NATIONAL TREASURY**

Dr. Cyrus Munyua

-Parliamentary Liaison officer

### **ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti

-Parliamentary Liaison officer

#### **MIN. NO. SEN/CPAIC/191/2022: PRELIMINARIES**

The meeting was called to order at 12:35 pm and the Chairman led in a word of prayer. Thereafter introductions followed.

#### **MIN. NO. SEN/CPAIC/192/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwaruma, and seconded by Sen. Adan Dullo Fatuma, as follows-

1. Preliminaries
  - a) Prayer
  - b) Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of Mandera County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

#### **MIN. NO. SEN/CPAIC/193/2022: ADMINISTRATION OF OATH**

The Vice Chair of (MCASB) MANDERA County Assembly Hon. Saad Sheikh took Oath of Witness. Thereafter, the Clerk of the Assembly Mr. Ahmed H. Surow took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

#### **MIN. NO. SEN/CPAIC/194/2022: CONSIDERATION OF THE AUDIT REPORT OF MANDERA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020**

##### **Basis for Qualified Opinion**

<b>Audit Query</b>	<b>Concern</b>	<b>Observation and Recommendations</b>
1.0 Use of Goods and Services 1.1 Unaccounted Expenditure for Domestic Travel and Subsistence	The accuracy and propriety of domestic travel and subsistence allowances of Kshs.7, 207,200 for the year ended 30 June, 2020 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
1.2 Printing, Advertisement and Information Supplies and Services	The accuracy and propriety of Kshs.2, 465,006 for printing, advertising, and information supplies and services as at 30	The Committee was informed by the auditor that the matter had been adequately addressed.

	June, 2020 could not be confirmed.	
2.0 Unsupported Expenditure-Office Furniture	The accuracy and validity of the expenditure on office furniture and equipment of Kshs.14, 450,810 as at 30 June, 2020 could not be confirmed.	The auditor indicated that the matter was still outstanding. The committee directed the management to provide evidence that the staff had been trained and that staffing had been improved on within the next 10 days to the auditor for verification. The auditor to also provide the communication with the SRC circular that has the classification to the committee.
3.0 Other Expenses	(ii) A review of IFMIS records revealed that the expenditure was charged to interest on foreign borrowing instead of other expenses.  (iii) Some goods were procured using request for quotations when their value was higher than the threshold for quotation. Further, procurement was initiated without requisition from user department.	(i) & (iv) had been addressed save for (ii) and (iii). The committee directed the management to provide evidence that the staff had been trained on IFMIS within the next 10 days to the auditor for verification.
4.0 Compensation of Employees	The accuracy of the expenditure of Kshs.21, 230,784 on mileage allowances as at 30 June, 2020 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
<b>Key Audit Matters</b>		

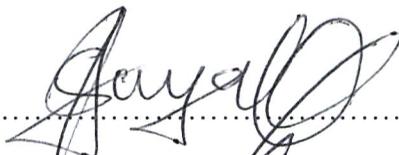
<b>Other Matter</b>		
1.0 Budgetary Control and Performance	There was an under-funding of Kshs.227, 487,860 representing 24% of the budget.	The auditor indicated that the matter was still pending. To be discussed at the big 5 meeting since the issue is cross cutting.
2.0 Unresolved Prior Year Matters	Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.	The auditor indicated that the matter was still pending. The Committee resolved to use the management responses during its report writing session.
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
Failure to Maintain an Updated Fixed Assets Register	The fixed assets register provided for audit review did not reflect details on the value, acquisition date, class, category and condition of assets contrary to Section 136 of the Public Finance Management (County Governments) Regulations, 2015	The auditor indicated that the matter was still outstanding. The Committee resolved to use the management responses during its report writing session.

**MIN. NO. SEN/CPAIC/195/2022: ANY OTHER BUSINESS**

There was no other business.

**MIN. NO. SEN/CPAIC/196/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 1.53 pm. The next meeting will be on Monday 30<sup>th</sup> May, 2022 at 10.00 am.

Signed.....

Date.....11/06/22

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investments Committee**

**MINUTES OF THE 21<sup>ST</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR MOMBASA COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON FRIDAY 13<sup>TH</sup> MAY, 2022 AT ENGLISH POINT MARINA AT 11:00 A.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP      **-Chairperson**
2. Sen. (Eng). Hargura Godana, MP      **-Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP
4. Sen. Mercy Chebeni, MP
5. Sen. Johnes Mwaruma, MP
6. Sen. Samson Cherarkey, MP
7. Sen. Kimani Wamatangi, MP
8. Sen. Njeru Ndwiga, MP

**ABSENT WITH APOLOGY**

9. Sen. (Prof.) Imana Malachy Ekal, MP

**SENATE SECRETARIAT**

1. Mr. George Otieno      -Senior Clerk Assistant
2. Mr. Joseph Mwangi      -Senior Clerk Assistant
3. Mr. Yussuf Shimoy      -Clerk Assistant
4. Ms. Carolyn Cheruiyot      - Legal Counsel
5. Mr. Eric Ososi      -Research Officer
6. Mr. James Ngusia      -Serjeant-at-Arms
7. Mr. Philip Kipkemboi      -Audio Officer
8. Ms. Millicent Ratemo      -Audio Officer
9. Mr. Collins Mpilei      -Intern
10. Mr. Athman Ramadhan      -Intern
11. Ms. Alice Nanyama      -Secretary
12. Mr. Mariko Roche      -Office Assistant

**IN ATTENDANCE**

**MOMBASA COUNTY ASSEMBLY**

1. Hon. Aharub Khatri      -County Speaker
2. Mr. Salim Juma      -Clerk
3. Mr. Jilo Kidai      -Fiscal Analyst
4. Ms. Christine Mududa      -Legal Counsel
5. Mr. Ali Shariff      -Chairman PAC
6. Mr. Abdallah Ali      -Procurement Officer
7. Ms. Clarah Mwachoki      -Dir. Human Resource
8. Ms. Nasra Omar      -Hansard Editor

## OFFICE OF THE AUDITOR GENERAL

1. Mr. David Sumaili -Parliamentary Liaison Officer
2. Mr. Gerald M. Matara -OAG
3. Mr. Justus Okumu -Director Audit

## NATIONAL TREASURY

1. Dr. Cyrus Munyua -Parliamentary Liaison officer
2. Mr. Paul Mwale -Accountant CA

## ETHICS AND ANTI-CORRUPTION COMMISSION

Mr. Patrick Kinoti -Parliamentary Liaison officer

### MIN. NO. SEN/CPAIC/116/2022: PRELIMINARIES

The meeting was called to order at 11:11 am and the Chairman led in a word of prayer. Thereafter introductions followed.

### MIN. NO. SEN/CPAIC/117/2022: ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Sen. Njeru Ndwiga, and seconded by Sen. Johnes Mwaruma, as follows-

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of MOMBASA County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

### MIN. NO. SEN/CPAIC/118/2022: ADMINISTRATION OF OATH

The Speaker of MOMBASA County Assembly Hon. Aharub Khatri took Oath of Witness. Thereafter, the Clerk of the Assembly Mr. Salim Juma took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

### MIN. NO. SEN/CPAIC/119/2022: CONSIDERATION OF THE AUDIT REPORT OF MOMBASA COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020

#### Basis for Qualified Opinion

Audit Query	Concern	Observation and Recommendations
1.0 Inaccuracies in the Financial Statements	The accuracy and completeness of balances reflected in the statement of receipts and expenditure for	The auditor indicated that the matter was still outstanding. The committee directed the management to provide

	the year ended 30 June, 2020 could not be confirmed.	documentation to the auditor within the next (1) one week for verification.
2.0 Transfers from the County Treasury / Exchequer Releases	The accuracy and completeness of transfers from the County Treasury/Exchequer releases balance of Kshs.730, 885,783 for the year ended 30 June, 2020 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
3.0 Compensation of Employees	The validity and completeness of the expenditure of Kshs.53, 877,317 could not be confirmed.	The auditor indicated that the matter was still outstanding. The committee directed the management to supply the information to the auditor within the next (1) one week for verification.
4.0 Unsupported Expenditure – Use of goods and services	The regularity and value for money of the expenditure of Kshs.4, 517,302 could not be ascertained.	The auditor indicated that the matter was still outstanding. The committee directed the management to investigate who was responsible and submit their findings to the auditor within the next (2) two weeks.
<b>Key Audit Matters</b>		
<b>Other Matter</b>		
1.0 Pending Bills	The financial statements reflect pending bills amounting to Kshs.90, 251,208 as at 30 June, 2020.	The auditor indicated that the matter was still pending. The committee directed the management to provide evidence of the action taken concerning these pending bills within the next (2) two weeks.

2.0 Unresolved Prior Years Matters	The Management had not resolved the issues of the previous year nor given any explanation for failure to resolve the issues.	The auditor indicated that the matter was still pending. The Committee resolved to use the management responses during its report writing session.
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1.0 Accounts Receivables - Outstanding Imprests	Disclosed in Note 14 to the financial statements are outstanding imprests of Kshs.17, 599,863 as at 30 June, 2020.	The auditor indicated that the matter was still outstanding. The committee directed the management to give a schedule of how they plan to recover the outstanding balances and supply evidence that there is no issuance of multiple imprests anymore within the next (2) two weeks.
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>		
1.0 Failure to Develop Risk Management Strategies and Operationalize Audit Committee	During the financial year ended 30 June, 2020, County Assembly did not have an operational Audit Committee to oversight over County Assembly operations. The Internal Audit Unit had no charter creating functions, roles and powers of the Unit	The Committee was informed by the auditor that the matter had been adequately addressed.

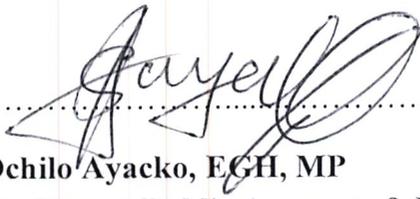
**MIN. NO. SEN/CPAIC/120/2022: ANY OTHER BUSINESS**

There was no other business.

**MIN. NO. SEN/CPAIC/121/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 12.41 pm. The next meeting would be at 2.00pm on the same day.

Signed.....



Date.....

11/06/22

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investment Committee**

**MINUTES OF THE 35<sup>TH</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR KISII COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON MONDAY 30<sup>TH</sup> MAY, 2022 AT K.I.C.C, SHIMBA HILLS HALL AT 11:00 A.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
2. Sen. Mercy Chebeni, MP
3. Sen. Johnes Mwaruma, MP
4. Sen. Samson Cherarkey, MP

**ABSENT WITH APOLOGY**

5. Sen. (Eng). Hargura Godana, MP -Vice- Chairperson
6. Sen. Adan Dullo Fatuma, CBS, MP
7. Sen. Kimani Wamatangi, MP
8. Sen. Njeru Ndwiga, MP
9. Sen. (Prof.) Imana Malachy Ekal, MP

**SENATE SECRETARIAT**

1. Mr. Joseph Mwangi -Senior Clerk Assistant
2. Mr. Malcolm Ngugi - Legal Counsel
3. Mr. Eric Ososi -Research Officer
4. Mr. James Ngusya -Serjeant-at-Arms
5. Mr. Victor Kimani -Audio Officer
6. Mr. Philip Bwambok -Audio Officer
7. Mr. Collins Mpilei -Intern
8. Mr. Athman Ramadhan -Intern
9. Ms. Hafswa Abdillahi -Intern
10. Ms. Mary Machengo -Intern
11. Ms. Gifted Kong'ani -Attaché
12. Ms. Cynthia Rwara -Attaché
13. Ms. Sheila Wangani -Attaché

**IN ATTENDANCE**

**KISII COUNTY ASSEMBLY**

1. Mr. Charles Nyagoto -Vice Chair Kisii County Assembly Board
2. Mr. Davins Ngoge - Acting Speaker
3. Mr. James O. Nyaoga -Clerk
4. Mr. Moses K. Ratemo -Head- Finance
5. Mr. Kelvin Mochama -Accountant
6. Mr. Robin Nyakundi -Finance Officer

**OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili -Parliamentary Liaison Officer  
 2. Mr. Wilson Maiyo - South Nyanza R.O-DA

**NATIONAL TREASURY**

Dr. Cyrus Munyua -Parliamentary Liaison officer

**ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti -Parliamentary Liaison officer

**MIN. NO. SEN/CPAIC/197/2022: PRELIMINARIES**

The meeting was called to order at 11:00 am and the Chairman led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/198/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Johnes Mwaruma, and seconded by Sen. Samson Cherarkey, as follows-

1. Preliminaries
  - a) Prayer
  - b) Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of KISII County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/199/2022: ADMINISTRATION OF OATH**

The Vice Chair of KISII County Assembly board Hon. Charles Nyagoto took Oath of Witness. Thereafter, the Clerk of the Assembly Mr. James O. Nyaoga took Oath of Witness and tabled the Management responses and supporting documents for the financial year 2019/2020.

**MIN. NO. SEN/CPAIC/200/2022: CONSIDERATION OF THE AUDIT REPORT OF KISII COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020**

**Basis for Qualified Opinion**

Audit Query	Concern	Observation and Recommendations
1.0 Use of Goods and Services  1.1 Unsupported Expenditure on Foreign Travels to Uganda	The accuracy, validity and completeness of foreign travel and subsistence amounting to	The Committee was informed by the auditor that the matter had been adequately addressed.

		Kshs.8, 524,000 could not be ascertained.	
1.2 Unsupported Training Expenses		The accuracy and validity of the training expenses amounting to Kshs.4, 384,000 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
1.3 Ward Offices Operation Expenses		The accuracy and propriety of ward expenses to Kshs.49, 868,000 could not be confirmed.	The Committee was informed by the auditor that the matter had been adequately addressed.
2.0 Unsupported Transfers to Government Entities		The accuracy, propriety, and completeness of transfers to Government entity of Kshs.552, 145 could not be ascertained.	The Committee was informed by the auditor that the matter had been adequately addressed.
<b>Key Audit Matters</b>			
<b>Other Matter</b>			
1.0 Budgetary Control and Performance		There was a budget shortfall of Kshs.221, 223,797 or 20%.	The auditor indicated that the matter was still pending. To be discussed at the big 5 meeting since the issue is cross cutting.
2.0 Pending Bills		Financial statements reflects pending bills of Kshs.120, 362,877 which were outstanding as at 30 June, 2020. Management had not provided an explanation for non-payment of the pending bills.	The auditor indicated that the matter was still pending. The Committee resolved to use the management responses during its report writing session.

<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1.0 Extension of Library and ICT Innovation Centre	The contractor was not on site and the project is behind schedule and may not be completed by June,2021 as provided in the contract.	The auditor indicated that the matter was still outstanding. The auditor to liase with management and make a site visit to verify that the project is complete.
2.0 Compensation of Employees- Wage Bill	The statement of receipts and payment reflects an expenditure of Kshs.482,005,086 under compensation of employees which translates to 46% of the total Assembly's receipts of Kshs.889,281,590 in the year under review. This was above the 35% threshold.	The auditor indicated that the matter was still outstanding. Management was directed by the committee to give a clear roadmap of how they intend to comply with the law within the next 10 days.
3.0 Staff Ethnic Composition	A review of personnel records indicated that the County Assembly of Kisii had a staff composition of 348 out of which 339 or 97% of the employees were from the dominantlocal community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008.	The auditor indicated that the matter was still outstanding. Management was directed by the committee to give a clear plan of how they intend to comply with the law within the next 10 days.
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>		
Risk Management Policy	A review of the internal controls revealed that the County Assembly does not have inplace a Risk Management Policy Framework to ensure that all operations are performed	The Committee was informed by the auditor that the matter had been adequately addressed.

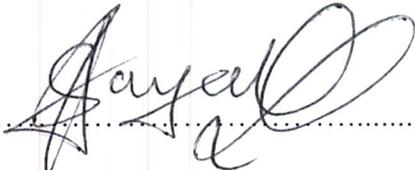
	within the approved risk tolerance levels.	
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**MIN. NO. SEN/CPAIC/201/2022: ANY OTHER BUSINESS**

There was no other business.

**MIN. NO. SEN/CPAIC/202/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 11.37 am. The next meeting will be on Monday 6<sup>th</sup> June, 2022 at 10.00 am.

Signed.....

Date.....11/06/22.....

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investments Committee**

**MINUTES OF THE 32<sup>nd</sup> SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR WAJIR COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON FRIDAY 23<sup>RD</sup> MAY, 2022 AT K.I.C.C SHIMBA HILLS HALL, AT 2:00 P.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
  2. Sen. Johnes Mwaruma, MP
  3. Sen. Mercy Chebeni, MP
  4. Sen. Fatuma Dullo, MP
  5. Sen. Samson Cherarkey, MP
- ABSENT WITH APOLOGY**
6. Sen. Njeru Ndwiga, EGH, MP
  7. Sen. Kimani Wamatangi, MP
  8. Sen. (Prof.) Imana Malachy Ekal, MP
  9. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. George Otieno -Senior Clerk Assistant
2. Mr. Erick Osoi -Research Officer
3. Mr. Hussein Salat -Fiscal Analyst
4. Ms. Beatrice Kopei -Legal Officer
5. Mr. Philip Kipkemboi -Audio Officer
6. Mr. Victor Kimani -Audio Officer
7. Mr. James Ngusya -Serjeant at Arms
8. Mr. Athman Ramadhan -Intern
9. Mr. Collins Mpilei -Intern
10. Ms. Hafswa Abdillahi -Intern

**IN ATTENDANCE**

**WAJIR COUNTY ASSEMBLY**

1. Hon. Ibrahim Yusuf -County Speaker
2. Mr. Shalle Sheikh -Clerk of the County Assembly
3. Mr. Abdullahi Ahmed -Principal Finance Officer
4. Mr. Hassan Musa -Senior Accountant
5. Ms. Zeitun Osman -Senior Communication Officer
6. Ms. Zubeida Sheikh -Principal Legal Council
7. Hon. Omar M. Haji -Board Member
8. Hon. Issa Gasore -V. Chair C.A Service Board

**OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili -Parliamentary Liaison Officer
2. Mr. Mathew Ngusya -Principal Auditor N.E Regional Office
3. Mr. Harrie Njoroge -Director OAG

**NATIONAL TREASURY**

Dr. Cyrus Munyua

-Parliamentary Liaison Officer

**ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti

-Parliamentary Liaison Officer

**MIN. NO. SEN/CPAIC/179/2022: PRELIMINARIES**

The meeting was called to order at 2:13 pm and Hon. Johnes Mwaruma, MP led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/180/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Mercy Chebeni, and seconded by Sen. Samson Cherarkey, as follows;

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of Wajiry County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/181/2022: ADMINISTRATION OF OATH**

The Speaker of Wajir County assembly Hon. Ibrahim Yussuf took Oath of Witness, Followed by The Clerk of the county Assembly Mr. Shalle Sheikh who took Oath of witness and tabled the Management responses and supporting documents for the Financial year 2019/2020.

**MIN. NO. SEN/CPAIC/182/2022: CONSIDERATION OF THE AUDIT REPORT OF WAJIR COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2018/2019**

**Basis for Qualified Opinion**

Audit Query	Concern	Observation and Recommendations
1. Unsupported Expenditure – Use of Goods and services 1.1. Domestic Travel and Subsistence Allowances	The payments were not supported by training programmes initiated by the County Assembly Services Board.	The auditor informed the Committee that the matter had not been addressed.  The committee resolved that the management to provide the auditor with the documents within the next 2 weeks

1.2 Expenditure on Foreign Travel	The accuracy and validity of expenditure totaling Kshs.10,762,695 on use of goods and services could not be confirmed.	The auditor informed the Committee that the matter had not been addressed. The committee resolved that t
2. Irregular Payment of Mileage Allowances	The propriety of expenditure amounting to Kshs.17,255,354 could not be confirmed.	
<b>Key Audit Matter</b>		
<b>Other Matter</b>		
1. Budgetary Control and Performance	The County Executive expended Kshs.593,880,350 against an approved budget of Kshs.627,775,000 resulting to under-expenditure of Kshs.33,895,649 or 5% of the budget. As a result, all the activities planned for the year were not implemented.	The auditor informed the committee that the matter was still pending.  The Committee resolved that this was a generic occurrence.
2. Unresolved Prior Year's Audit Issues	The report on progress made in resolving audit issues highlighted in the previous year's report indicates that all the eight (8) issues had not been resolved as at 30 June, 2020 but Management has indicated that it has nominated officers to follow-up on the issues.	
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1. Compliance with the Public Procurement and Asset Disposal Act, 2015	The Assembly was in breach the law.	The auditor informed the committee that the matter was still pending.  The committee resolved that they will address the matter during report writing
2. Non-compliance with Staffing Level Ceiling	the Assembly was in breach the law.	The management informed the committee that the matter was in court.  The auditor informed the committee that the matter was still pending.
3. Unsupported Pending Bills	it was not possible to confirm the authenticity of pending bills amounting to	The auditor informed the committee that the matter was still pending.

	Kshs.248,935,652 disclosed in the financial statements.	The committee resolved that the management had 2 weeks to provide the auditor with the required documents
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>		
1. Summary of Fixed Assets	In the circumstances, existence of an effectiveness mechanism to safeguard the assets could not be ascertained.	The auditor informed the committee that the matter was still pending.  The committee noted that the matter is generic and they resolved to adopt the management response.
2. Incomplete Data Capture in IFMIS	It has not been possible to confirm whether reports generated from IFMIS were complete and reliable.	The auditor informed the committee that the matter was still pending.  The committee directed that the management submit information about the training by the treasury
3. Failure to Establish Audit Committee	It has not been possible to establish the reliability of the system to ensure the presence of good governance mechanism.	The auditor informed the committee that the matter was still pending.  The committee resolved that the management to show the auditor the process that they are undertaking to the auditor withing 14 days
4. Lack of Risk Management Policy	I am unable to confirm the existence of a vibrant risk management policy to identify and forestall incidence(s) whenever any risk crystallizes.	The auditor informed the committee that the matter was still pending.  The committee resolved that the management to give the draft policy to the auditor within 2 weeks
5. Failure to Maintain Staff Establishment	In the absence of an approved establishment it was not possible to ascertain whether the Assembly was operating within optimal level of staff establishment.	The auditor informed the committee that the matter was still pending.  The committee was informed that the matter was pending in court, and they resolved to wait for court ruling

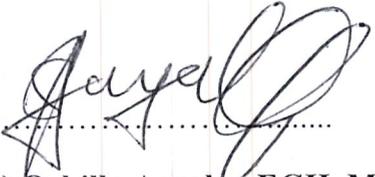
6. Recruitment of Ward County Employees	The Assembly's internal control systems and processes are weak and could lead to fictitious persons being paid.	The auditor informed the committee that the matter was addressed.
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**MIN. NO. SEN/CPAIC/183/2022: ANY OTHER BUSINESS**

There was no other business

**MIN. NO. SEN/CPAIC/184/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

The meeting was adjourned at 3:48 pm. The next meeting would be held on Tuesday 24/05/2022 at 10.00 am.

Signed.....  


Date.....  
 11/06/22

**Sen. (Dr.) Ochillo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investments Committee**

**MINUTES OF THE 26TH SITTING OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS TO CONSIDER AUDIT REPORT FOR KISUMU COUNTY ASSEMBLY FOR FINANCIAL YEAR 2019/2020 HELD ON MONDAY 16<sup>TH</sup> MAY, 2022 AT NEW DINNING HALL, MAIN PARLIAMENT BUILDING AT 10:20A.M.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP      **-Chairperson**
2. Sen. (Eng.) Hargura Godana, MP      **-Vice-Chairperson**
3. Sen. Adan Dullo Fatuma, CBS, MP
4. Sen. Njeru Ndwiga, EGH, MP
5. Sen. Johnes Mwaruma, MP
6. Sen. Mercy Chebeni, MP
7. Sen. Samson Cherarkey, MP

**ABSENT WITH APOLOGY**

8. Sen. (Prof.) Imana Malachy Ekal, MP
9. Sen. Kimani Wamatangi, MP

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. Mr. George Otieno      -Clerk Assistant
2. Mr. Joseph Mwangi      -Clerk Assistant
3. Mr. Yussuf Shimoy      -Clerk Assistant
4. Mr. Caroline Cheryot      -Legal Counsel
5. Mr. Philip Kipkemboi      -Audio Officer
6. Ratemo Millicent      -Audio Officer
7. Mr. James Ngusya      -Sergeant at Arms
8. Mr. Collins Mpilei      -Intern
9. Ms. Hafswa Abdillahi      -Intern

**IN ATTENDANCE**

**KISUMU COUNTY ASSEMBLY**

1. Felix Owuor      -Principal finance officer
2. Ms. Elisha J. Oraro      -Speaker/Kisumu County Assembly
3. Mr. Owen Ojura      -Clerk county Assembly
4. CPA Molles Achato      - Snr Finance Officer
5. Ms. Beatrice A. Odongo      -Vice chair Kisumu county Assembly
6. Ms. Ratemo Ruth      - Accountant

**OFFICE OF THE AUDITOR GENERAL**

1. Mr. David Sumaili      -Parliamentary Liaison Officer
2. Mr. Joshua Kerera      -Deputy Director Audit
3. Mr. Anthony Masuka      - Principal Auditor

**NATIONAL TREASURY**

Dr. Jackson Ndungu

- Assistant accountant general

**ETHICS AND ANTI-CORRUPTION COMMISSION**

Mr. Patrick Kinoti

-Parliamentary Liaison officer

**MIN. NO. SEN/CPAIC/144/2022: PRELIMINARIES**

The meeting was called to order at 10:52am and the Chairperson led in a word of prayer. Thereafter introductions followed.

**MIN. NO. SEN/CPAIC/145/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted having been proposed unanimously as follows;

1. Preliminaries
  - a. Prayer
  - b. Introductions
2. Adoption of the agenda
3. Administration of Oath
4. Consideration of the Audit Report of KISUMU County Assembly for the financial year 2019/2020
5. Any Other Business
6. Adjournment Date of the next meeting

**MIN. NO. SEN/CPAIC/146/2022: ADMINISTRATION OF OATH**

The Speaker of KISUMU County assembly Hon. Elisha J. Oraro took Oath of Witness. Thereafter, the clerk of Assembly Mr. Owen Ojura took an oath of witness and tabled management responses and supporting documents for the financial year 2019/2020.

**MIN. NO. SEN/CPAIC/147/2022: CONSIDERATION OF THE AUDIT REPORT OF KISUMU COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2019/2020**

**Basis for Qualified Opinion**

<b>Audit Query</b>	<b>Concern</b>	<b>Observation and Recommendations</b>
1 Inaccuracies in the financial statements	The accuracy and completeness of personal allowances of Kshs.119,496,096 for the year ended 30 June, 2020 could not be confirmed.	The committee will use the management responses during its report writing session
2. Use of goods and services	(i) The balance includes routine maintenance-vehicle and other transport equipment	(ii), (iii), (iv), and (v) had been addressed save for (i). The committee asked the auditors to liaise with the management and verify. The management was

	balance of Kshs.5,060,000 out of which the Management paid a service provider an extra Kshs.222,604 in respect of repair and maintenance for a vehicle. However, supporting documents were not provided for audit.	asked to give a clear roadmap of the actions they intend to take.
<b>Key Audit Matters</b>		
<b>Other Matters</b>		
1. Budgetary Control and performance	There was an under expenditure of Kshs. 7, 797, 440 or 39%	The committee will use the management responses during its report writing session
2. Pending Accounts Payables	Pending bills amounting to Kshs.61,160,148 which includes non- interest debts of Kshs.44,872,631 borrowed from County Assembly of Kisumu Car Loan and Mortgage but had not been settled during the year under review and were carried forward to 2020/2021.	Submit evidence in the next 10 days
3. Unresolved Prior Year Matters	Management had not resolved the issues of the previous year nor given any explanation for failure to resolve the issues,	In the next 10 days give auditor policy demonstrating progress
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>		
1. Non-compliance with Law on Ethic Composition	The total number of employees of County Assembly was 89 out of	The committee will use the management responses during its report writing session

	<p>whom 80 or 97% were members of the dominant community. This was contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008.</p>	
<p>2.Non-compliance with the Law on Fiscal Responsibility-Wage Bill</p>	<p>The statements of receipts and payments reflects an expenditure of Kshs.287,555,780 on compensation of employees representing 49% of the total receipts of Kshs.709,070,900. This is contrary to the provisions of Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015.</p>	<p>The committee will use the management responses during its report writing session</p>
<p>3. Compliance with the Human Resource Policies and Procedures</p>	<p>The officers were working within their duty stations yet they were paid accommodation allowance (per diem allowance) alongside the meal allowances. This is contrary to Section C.17(1) of Human Resource Policies and Procedures manual for the Public Service, 2016.</p>	<p>The auditor informed the committee that it has been adequately addressed</p>
<p>4. Compliance with the Public Procurement and asset Disposal act, 2015</p>	<p>Management awarded the tender to the highest bidder</p>	<p>The auditor informed the committee that it has been adequately addressed</p>

	<p>who quoted Kshs.215,360 without justification contrary to Section 82(1) of the Public Procurement and Disposal Act, 2015 which stipulated that the successful tenderer shall be the lowest evaluated bidder.</p>	
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**REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

1. Incomplete Fixed Assets Register	<p>Summary of fixed assets register in the notes to the financial statements reflects a value of Kshs.94,166,418 on fixed asset as at 30 June, 2020. However, the balances could not be confirmed as Management had not updated the assets register and had also omitted the values of the assets and their dates of acquisition.</p>	<p>The auditor informed the committee that it has been adequately addressed</p>
2. Weak Internal Control on Payroll Management	<p>Management was processing both salaries and deductions directly through the bank and not through the salary control account. This is contrary to section 6.3 of the County Financial Accounting and Reporting Manual</p>	<p>The auditor informed the committee that it has been adequately addressed</p>

<p>3. Lack of Implementation of a strategic Plan</p>	<p>The Management did not implement the strategic plan that was running from 2013-2017. Further, it was noted that the County Assembly did not formulate a new strategic plan even after the expiry of the 2013-2017 Strategic Plan.</p> <p>In the circumstances, it has not been possible to determine the existence of an effective governance intervention to facilitate achieving the strategic objectives.</p>	<p>The auditor informed the committee that it has been adequately addressed</p>
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**MIN. NO. SEN/CPAIC/148/2022: ANY OTHER BUSINESS**

There was no other business.

**MIN. NO. SEN/CPAIC/149/2022: ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 11.37 am. The next meeting will be at 2pm on the same day.

Signed.....

Date.....11/06/22

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson, County Public Accounts & Investments Committee**

**MINUTES OF THE 40<sup>th</sup> SITTING (REPORT WRITING) OF THE SESSIONAL COMMITTEE ON COUNTY PUBLIC ACCOUNTS & INVESTMENTS HELD ON SATURDAY 11<sup>TH</sup> JUNE, 2022 AT 4:45 PM AT THE HILTON, GARDEN INN HOTEL IN MACHAKOS COUNTY.**

**PRESENT**

1. Sen. (Dr.) Ochilo Ayacko, EGH, MP -Chairperson
2. Sen. (Eng). Hargura Godana, MP -Vice-Chairperson
3. Sen. Samson Cherarkey, MP
4. Sen. Johnes Mwaruma, MP
5. Sen. Adan Dullo Fatuma, CBS, MP
6. Sen. Mercy Chebeni, MP

**ABSENT WITH APOLOGY**

7. Sen. Wamatangi Kimani, MP
8. Sen. Njeru Ndwiga, EGH, MP
9. Sen. (Prof.) Imana Malachy Ekal, MP

**IN ATTENDANCE**

**SENATE SECRETARIAT**

1. Ms. Mary Chesire -Deputy Director, Committee Services
2. Mr. Joash Kosiba -Principal Fiscal Analyst
3. Mr. George Otieno -Senior Clerk Assistant
4. Mr. Joseph Mwangi -Senior Clerk Assistant
5. Ms. Mwanate Shaban -Senior Clerk Assistant
6. Mr. Yussuf Shimoy -Clerk Assistant
7. Mr. Eric Osoi - Research Officer
8. Ms. Lucy Radoli -Legal Counsel
9. Mr. James Ngusya -Serjeant-At-Arms
10. Mr. Philip Kipkemboi - Audio Officer
11. Mr. Victor Kimani - Audio Officer
12. Ms. Lucianne Limo -Media Relations Officer
13. Ms. Hafswa Olow -Intern
14. Mr. Ramadhan Athman -Intern
15. Mr. Collins Mpilei -Intern
16. Mr. Mariko Roche -Office Assistant

**OFFICE OF THE AUDITOR GENERAL**

- Mr. David Sumaili -Parliamentary Liaison Officer

**THE NATIONAL TREASURY**

- Dr. Cyrus Munyua -Parliamentary Liaison Officer

**MIN. NO. SEN/CPAIC/229/2022: PRELIMINARIES**

The meeting was called to order at 2:46 p.m.

**MIN. NO. SEN/CPAIC/230/2022: ADOPTION OF AGENDA**

The agenda of the meeting was adopted unanimously as follows-

1. Preliminaries
2. Adoption of the agenda
3. Confirmation of previous minutes
4. Matters arising
5. Adoption of reports of the following :
  - Nine (9) County Assemblies; Garissa; Kwale, Wajir, Mandera, Kisumu, Mombasa, Taita Taveta, Kilifi, and Kisii for the 2019/2020 financial year;
  - Eleven (11) County Executives; Narok; Machakos, Kajiado, Trans-Nzoia, Busia, Turkana, Kilifi, Kericho, West Pokot, Kwale and Kisii, for the 2019/2020 financial year.
  - Five (5) County Assemblies; Garissa; Bomet, Taita Taveta, Kilifi, and Nyamira for the 2018/2019 financial year.
  - Thirteen (13) County Executives; Nyeri; Tharaka Nithi, Murang'a, Kitui, Lamu, Siaya, Busia, Meru, Nyamira, Turkana, Makueni, Bungoma and Elgeyo Marakwet, for the 2018/2019.
6. Any Other Business
7. Date of the next meeting
8. Adjournment

**MIN. NO. SEN/CPAIC/231/2022: CONFIRMATION OF PREVIOUS MINUTES**

Members confirmed all unconfirmed minutes as follows:

February-December 2021 Session:

<b>February-December 2021 Session</b>				
<b>No.</b>	<b>Sitting and Date of Meeting</b>	<b>County Entity</b>	<b>Proposer</b>	<b>Seconder</b>
1.	13 <sup>th</sup> Sitting, 26 /05/2021	Tharaka Nithi County Executive	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
2.	23 <sup>rd</sup> Sitting, 22/06/2021	Elgeyo Marakwet County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni

3.	26 <sup>th</sup> A Sitting, 29/06/2021	Meru County Assembly	Sen. (Eng). Hargura Godana	Sen. Mercy Chebeni
4.	26 <sup>th</sup> B Sitting, 29/06/2021	Isiolo County Assembly	Sen. (Dr.) Ochilo Ayacko	Sen. Johnes Mwaruma
5.	27 <sup>th</sup> A Sitting, 30/06/2021	Kirinyaga County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
6.	27 <sup>th</sup> B Sitting, 30/06/2021	Embu County Assembly	Sen. Johnes Mwaruma	Sen. (Dr.) Ochilo Ayacko
7.	28 <sup>th</sup> Sitting, 01/07/2021	Tana River County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
8.	32 <sup>nd</sup> Sitting, 08/07/2021	Mandera County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
9.	33 <sup>rd</sup> Sitting, 12/07/2021	Lamu County Executive	Sen. Johnes Mwaruma	Sen. (Eng). Hargura Godana
10.	36 <sup>th</sup> Sitting, 15/07/2021	Kitui County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
11.	39 <sup>th</sup> Sitting, 28/07/2021	Nairobi City County Assembly	Sen. Johnes Mwaruma	Sen. (Dr.) Ochilo Ayacko
12.	41 <sup>st</sup> Sitting, 02/08/2021	Kericho County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
13.	42 <sup>nd</sup> Sitting, 03/08/2021	Vihiga County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
14.	43 <sup>rd</sup> A Sitting, 04/08/2021	Nyeri County Assembly	Sen. (Eng). Hargura Godana	Sen. Mercy Chebeni

15.	43 <sup>rd</sup> B Sitting, 04/08/2021	Embu County Assembly	Sen. Johnes Mwaruma	Sen. (Dr.) Ochilo Ayacko
16.	44 <sup>th</sup> A Sitting, 05/08/2021	Nairobi City County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
17.	44 <sup>th</sup> B Sitting, 05/08/2021	Migori County Assembly	Sen. Johnes Mwaruma	Sen. (Dr.) Ochilo Ayacko
18.	48 <sup>th</sup> Sitting, 12/08/2021	Stakeholders' Meeting	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
19.	55 <sup>th</sup> A Sitting, 07/09/2021	Uasin Gishu County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
20.	56 <sup>th</sup> A Sitting, 08/09/2021	Kajiado County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
21.	56 <sup>th</sup> B Sitting, 08/09/2021	Nandi County Assembly	Sen. Johnes Mwaruma	Sen. (Dr.) Ochilo Ayacko
22.	59 <sup>th</sup> Sitting, 13/09/2021	Kiambu County Executive	Sen. (Eng). Hargura Godana	Sen. Johnes Mwaruma
23.	65 <sup>th</sup> Sitting, 23/09/2021	Tana River County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
24.	66 <sup>th</sup> A Sitting, 27/09/2021	Kitui County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
25.	66 <sup>th</sup> B Sitting, 27/09/2021	Makueni County Assembly	Unanimously adopted	
26.	68 <sup>th</sup> Sitting, 28/09/2021	Elgeyo Marakwet	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana

		County Assembly		
27.	72 <sup>nd</sup> Sitting, 04/10/2021	Makueni County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
28.	73 <sup>rd</sup> A Sitting, 05/10/2021	Kwale County Assembly	Sen. (Eng). Hargura Godana	Sen. Mercy Chebeni
29.	74 <sup>th</sup> A Sitting, 06/10/2021	Mombasa County Assembly	Sen. Mercy Chebeni	Sen. (Eng). Hargura Godana
30.	75 <sup>th</sup> Sitting, 07/10/2021	Nyeri County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
31.	77 <sup>th</sup> Sitting, 13/10/2021	Marsabit County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
32.	78 <sup>th</sup> A, Sitting, 14/10/2021	Kisumu County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
33.	78 <sup>th</sup> B, Sitting, 14/10/2021	Siaya County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
34.	79 <sup>th</sup> A, Sitting, 18/10/2021	Trans-nzoia County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
35.	79 <sup>th</sup> B, Sitting, 18/10/2021	Kakamega County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
36.	82 <sup>nd</sup> A, Sitting, 21/10/2021	Busia County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
37.	82 <sup>nd</sup> B, Sitting, 21/10/2021	Bungoma County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
38.	88 <sup>th</sup> , Sitting, 28/10/2021	Busia County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni

39.	89 <sup>th</sup> , Sitting, 28/10/2021	Vihiga County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
40.	90 <sup>th</sup> , Sitting, 01/11/2021	Murang'a County Executive	Sen. (Eng). Hargura Godana	Sen. Johnes Mwaruma
41.	91 <sup>st</sup> , Sitting, 01/11/2021	Meru County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
42.	92 <sup>nd</sup> A, Sitting 03/11/2021	Samburu County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
43.	92 <sup>nd</sup> B, Sitting 03/11/2021	Nyandarua County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
44.	93 <sup>rd</sup> Sitting, 04/11/2021	Turkana County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
45.	94 <sup>th</sup> A Sitting, 08/11/2021	Kiambu County Assembly	Sen. (Eng). Hargura Godana	Sen. Mercy Chebeni
46.	94 <sup>th</sup> B Sitting, 08/11/2021	Murang'a County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
47.	96 <sup>th</sup> A Sitting, 09/11/2021	Homa Bay County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
48.	96 <sup>th</sup> B Sitting, 09/11/2021	Tharaka Nithi County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
49.	97 <sup>th</sup> Sitting, 10/11/2021	Laikipia County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
50.	98 <sup>th</sup> Sitting, 11/11/2021	Siaya County Executive	Sen. (Eng). Hargura Godana	Sen. Mercy Chebeni

51.	99 <sup>th</sup> Sitting, 15/11/2021	Makueni County Assembly	Sen. (Eng). Hargura Godana	Sen. Johnes Mwaruma
52.	100 <sup>th</sup> A Sitting, 16/11/2021	Wajir County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
53.	101 <sup>st</sup> A, Sitting, 17/11/2021	Nairobi City County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
54.	101 <sup>st</sup> B, Sitting, 17/11/2021	Migori County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
55.	102 <sup>nd</sup> A, Sitting, 18/11/2021	Narok County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
56.	102 <sup>nd</sup> B, Sitting, 18/11/2021	West Pokot County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
56.	103 <sup>rd</sup> Sitting, 18/11/2021	Machakos County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
57.	106 <sup>th</sup> Sitting, 22/11/2021	Tana River County Executive	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
58.	107 <sup>th</sup> A Sitting, 22/11/2021	Lamu County Assembly	Sen. (Eng). Hargura Godana	Sen. (Dr.) Ochilo Ayacko
59.	107 <sup>th</sup> B Sitting, 22/11/2021	Kwale County Assembly	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
60.	108 <sup>th</sup> Sitting, 23/11/2021	Report Writing	Sen. Johnes Mwaruma	Sen. Mercy Chebeni
61.	112 <sup>nd</sup> Sitting, 25/11/2021	Report Writing	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
62.	113 <sup>th</sup> Sitting, 25/11/2021	Report Writing	Sen. Johnes Mwaruma	Sen. Mercy Chebeni

63.	114 <sup>th</sup> Sitting, 29/11/2021	Nairobi City County Assembly	Sen. Mercy Chebeni	Sen. Johnes Mwaruma
64.	115 <sup>th</sup> Sitting, 29/11/2021	West Pokot County Assembly	Sen. (Eng). Hargura Godana	Sen. Johnes Mwaruma
65.	116 <sup>th</sup> Sitting, 30/11/2021	Kisii County Assembly	Sen. (Dr.) Ochilo Ayacko	Sen. (Eng). Hargura Godana

**Minutes for February to June 2022 were confirmed as follows:**

- 1) The minutes of the 1<sup>st</sup> meeting held on Thursday 24<sup>th</sup> February, 2022 at 12:30 p.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen.(Eng). Hargura Godana, MP, and seconded by Sen.Mercy Chebeni, MP.
- 2) The minutes of the 2<sup>nd</sup> meeting held on Monday, 28<sup>th</sup> February 2022 at 10:00am. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Mercy Chebeni, MP and seconded by Sen. Johnes Mwaruma, MP.
- 3) The minutes of the 3<sup>rd</sup> meeting held on Monday, 28<sup>th</sup> February 2022 at 2:30pm. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Mercy Chebeni, MP and seconded by Sen. Johnes Mwaruma, MP
- 4) The minutes of the 4<sup>th</sup> meeting held on Friday 4<sup>th</sup> March, 2022 at 9:30 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Samson Cherarkey, MP, and seconded by Sen. Johnes Mwaruma, MP.
- 5) The minutes of the 5<sup>th</sup> meeting held on Friday 4<sup>th</sup> March, 2022 at 2:30 p.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Samson Cherarkey, MP, and seconded by Sen. Johnes Mwaruma, MP.
- 6) The minutes of the 6<sup>th</sup> meeting held on Saturday 5<sup>th</sup> March, 2022 at 10:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Johnes Mwaruma, MP.and seconded by Sen. Samson Cherarkey, MP,
- 7) The minutes of the 7<sup>th</sup> meeting held on Saturday, 4<sup>th</sup> March, 2022 at 2:30 p.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Samson Cherarkey, MP, and seconded by Sen. Johnes Mwaruma, MP.
- 8) The minutes of the 8<sup>th</sup> meeting held on Monday, 7<sup>th</sup> March, 2022 at 9:30 a.m. were confirmed as a true record of the proceedings of the committee having been

- proposed by Sen. Samson Cherarkey, MP, and seconded by Sen. Johnes Mwaruma, MP.
- 9) The minutes of the 9th meeting held on Monday, 7<sup>th</sup> March, 2022 at 12:00 p.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Samson Cherarkey, MP, and seconded by Sen. Johnes Mwaruma, MP.
  - 10) The minutes of the 10<sup>th</sup> meeting held on Monday, 21<sup>st</sup> March, 2022 at 1:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. (Eng) Hargura Godana, MP, and seconded by Sen. Johnes Mwaruma, MP.
  - 11) The minutes of the 18<sup>th</sup> meeting held on Thursday, 12<sup>th</sup> May, 2022 at 9:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Johnes Mwaruma, MP and seconded by Sen. Mercy Chebeni, MP.
  - 12) The minutes of the 25<sup>th</sup> meeting held on Thursday, 12<sup>th</sup> May, 2022 at 9:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Johnes Mwaruma, MP and seconded by Sen. Mercy Chebeni, MP.
  - 13) The minutes of the 27<sup>th</sup> meeting held on Thursday, 12<sup>th</sup> May, 2022 at 9:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Johnes Mwaruma, MP and seconded by Sen. Eng. Hargura Godana, MP.
  - 14) The minutes of the 31<sup>st</sup> meeting held on Monday, 23<sup>rd</sup> May, 2022 at 11:00 a.m. were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Johnes Mwaruma, MP and seconded by Sen. Mercy Chebeni, MP.
  - 15) The minutes of the 36<sup>th</sup> meeting held on Friday 10<sup>th</sup> June 2022 at 10:00am were confirmed as true record of the proceeding having been proposed by Sen. Hargura and Seconded by Sen. Johnes Mwaruma MP and seconded by Sen. Mercy Chebeni, MP.
  - 16) The minutes of the 37<sup>th</sup> meeting held on Friday 10<sup>th</sup> June 2022 at 2:00pm were confirmed as true record of the proceeding having been proposed by Sen. Hargura and Seconded by Sen. Johnes Mwaruma MP and seconded by Sen. Mercy Chebeni, MP.
  - 17) The minutes of the 38<sup>th</sup> meeting held on Saturday 11<sup>th</sup> June 2022 at 10:00am were confirmed as true record of the proceeding having been proposed by Sen. Samson Cherarkey, MP and Seconded by Sen. (Eng) Hargura Godana, MP
  - 18) The minutes of the 39<sup>th</sup> meeting held on Saturday 11<sup>th</sup> June 2022 at 2:00pm were confirmed as true record of the proceeding having been proposed by Sen. Samson Cherarkey, MP and Seconded by Sen. (Eng) Hargura Godana, MP.

**MIN. NO. SEN/CPAIC/232/2022: MATTERS ARISING**  
There were no matters arising.

**MIN. NO. SEN/CPAIC/233/2022: ADOPTION OF REPORTS**

The following reports were considered and adopted by the committee having been proposed by Sen. Mercy Chebeni and seconded by Sen. Johnes Mwaruma:

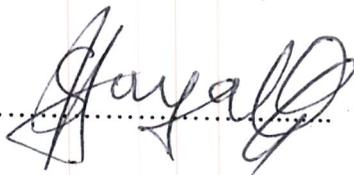
No.	Financial year	Number of Reports/Minutes for confirmation	County Entity	Names of County entities
1.	2019/2020	Nine (9)	County Assemblies	Garissa; Kwale, Wajir, Mandera, Kisumu, Mombasa, Taita Taveta, Kilifi, and Kisii
2.	2019/2020	Eleven (11)	County Executives	Narok; Machakos, Kajiado, Trans-Nzoia, Busia, Turkana, Kilifi, Kericho, West Pokot, Kwale and Kisii,
3.	2018/2019	Five (5);	County Assemblies	Garissa, Bomet, Taita Taveta, Kilifi, and Nyamira
4.	2018/2019	Thirteen (13);	County Executives	Nyeri, Tharaka Nithi, Murang'a, Kitui, Lamu, Siaya, Busia, Meru, Nyamira, Turkana, Makueni, Bungoma and Elgeyo Marakwet

**MIN. NO. SEN/CPAIC/234/2022: ANY OTHER BUSINESS**  
No other business.

**MIN. NO. SEN/CPAIC/235/2022: ADJOURNMENT/DATE OF NEXT MEETING**

There being no other business, the meeting was adjourned at 5:17 p.m. The next meeting would be called by notice.

Signed.....



Date.....

11/06/22

**Sen. (Dr.) Ochilo Ayacko, EGH, MP**  
**Chairperson,**  
**County Public Accounts & Investments Committee**