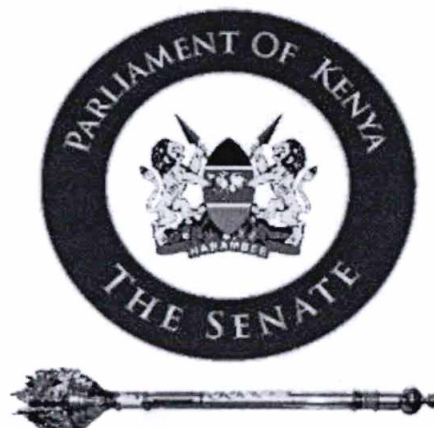




THIRTEENTH PARLIAMENT – FOURTH SESSION

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE CONSIDERATION OF THE
REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE 47 COUNTY
EXECUTIVES FOR THE FINANCIAL YEAR 2023/2024**

VOLUME I

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COMMITTEE	CPAC
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ACRONYMS/ABBREVIATIONS

BQs	- Bill of Quantities
CALC	- County Assets and Liabilities Committee
CARA	- County Allocation of Revenue Act
CECM	- County Executive Committee Member
CPSB	- County Public Service Board
CRF	- County Revenue Fund
EACC	- Ethics and Anti-Corruption Commission
ECDE	- Early Childhood Development Education
EGH	- Elder of the Order of the Golden Heart
ICT	- Information, Communication Technology
IFMIS	- Integrated Financial Management System
IGTRC	- Intergovernmental Relations Technical Committee
IPPD	- Integrated Payroll and Personnel Database
KRA	- Kenya Revenue Authority
KUSP	- Kenya Urban Support Project
LPOs	- Local Purchase Orders
LSOs	- Local Supply Orders
MCAs	- Members of County Assembly
MP	- Member of Parliament
NHIF	- National Hospital Insurance Fund

OAG	- Office of the Auditor General
PAYE	- Pay-As -You Earn
PFM	- Public Finance Management
PAA	- Public Audit Act
PPADA	- Public Procurement and Assets Disposal Act
PSASB	- Public Sector Accounting Standards Board
TNA	- Training Needs Assessment
TVET	- Technical and Vocational Education Training

INTRODUCTION

Mr. Speaker Sir,

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

Mr. Speaker Sir,

This report contains 47 County Executives reports for the financial year 2023/2024 that were considered and adopted by the Committee.

Mr. Speaker Sir,

The County Public Accounts Committee being a Select Committee, the Committee was constituted at the commencement of the Fourth Session in February, 2025 pursuant to Senate Standing Order 193(4) which requires Public Accounts Committee

constituted immediately after a general election shall serve for a period of three sessions and that constituted thereafter shall serve for the remainder of that term of Parliament. Therefore, the committee commenced its sitting on February ,2025

EXECUTIVE SUMMARY

The Committee examined the reports of the Auditor-General on the financial statements for the 47 County Executives and identified various risks including: -

During the years under review, majority of the 47 County Executives considered under this report had challenges with submission of documents to the auditors for verification during the audit exercise. The Committee noted that County Executives did not avail relevant supporting documents to the Auditor-General during the audit exercise, with only some managing to provide them at a later date. The non-provision of documents therefore, left the entities unable to support expenditures of substantial amount of funds. Further, the county executives had weak record management systems thus casting doubts on the suitability and qualifications of staff in the county treasury and accounts departments.

The reports also revealed that County Executives were not able to apply proper accounting practices as stipulated by the Public Sector Accounting Standards Board. Financial statements presented for audit verification exhibited various weaknesses including failure to do regular reconciliations, variances between financial statements and IFMIS balances, payment details and trial balance among other inconsistencies. This resulted in inadequate reporting and presented an inaccurate position of the financial position of the county executives.

The reports further showed that a number of counties had weaknesses in executing their budgets. The County entities did not adhere to their approved budget ceilings set for programs, votes and sub-votes. Thus, there was over-utilization or under-utilization of appropriated funds. The Committee noted that the main cause for under-utilization of budgets was delay in exchequer releases

from the National Treasury thereby hampering program implementation and budget execution. In some instances, funds were re-allocated to items that were not budgeted for without prior approval by the County Assembly.

The audit reports also revealed that the entities made payments outside the Integrated Financial Management Information System (IFMIS) platform, contrary to the Public Finance Management Act, 2012. The practice of processing transactions outside the IFMIS platform could be an avenue to bypass financial controls and can lead to misappropriation of funds.

The reports also revealed that the county entities 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 upon 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 majority of the entities interrogated had not properly updated their assets registers despite the Inter-Governmental Technical Relations Committee (IGTRC) having handed over their report, hence exposing county assets to risk of loss, waste and misuse. Further, a number of county executives had not updated their valuation Roll as required under Section 3 of the Valuation for Rating Act CAP 266. Thus, counties were not collecting optimal revenue based on the prevailing land market values.

The reports also revealed that a number of counties had weak internal control systems on own source revenue collection and accounting. This was evidenced by utilization of revenue at source, failure to bank revenue collected on time and failure to maintain separate financial statements for funds established by the counties. This exposed the county executives to revenue leakages and contributed to failure of most counties to meet own source revenue collection targets.

Regarding human resource issues, the Audit reports revealed the following:

- i. that some County staff were earning less than a third of their basic pay;
- ii. Some County Executives were still processing salaries and other benefits outside the Integrated Payroll and Personnel Database (IPPD); and
- iii. A number of County Executives did not meet the threshold on ethnic inclusivity stipulated under Section 65(1) (e) of the County Governments Act, 2012.

The Committee further observed that County Executives did not take action on the issues raised in the report of the Auditor General for previous financial years. This therefore implied that a number of recommendations proposed by the OAG were not implemented thus some audit queries had recurred for several financial years and remained outstanding.

On internal controls, risk management and governance, the Committee noted that a number of county entities had not established Audit Committees contrary to Paragraph 167 of the PFM (County Government) Regulations, 2015. Further, the entities did not have Risk Management policies, Disaster Recovery Plan, ICT Policy and Business Continuity Plan to help prevent and mitigate against risks. 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 specific audit queries in respective county Executives.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

The Committee observed that the reports of the Auditor General considered had recurring audit issues across a number of county entities. Consequently, the Committee identified the following general observations and recommendations -

1. Lack of an updated Fixed Assets Register

Committee Observations

The Committee observed that a number of the county entities: -

- a) had not updated their Fixed Assets Register;
- b) had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities inherited from the defunct local authorities. This has affected the correct statement of the assets and liabilities of the entities.

Committee Recommendations

The Committee recommends that the-

- 1) County entities should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;
- 2) County entities should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of adoption of this Report; and
- 3) Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.

2. Delays in updating Property Valuation Roll

Committee Observation

The Committee noted that a number of County Executives had not updated their valuation roll as required under Section 3 of the Valuation for Rating Act CAP 266 thus leading to under-collection of rent and rates.

Committee Recommendation

The Committee recommends that the County executives should expedite updating of valuation roll in accordance with Section 3 of the Valuation for Rating Act CAP 266 so as to reflect current market values for optimal revenue collection and comply with the guidelines of the Public Sector Accounting Sector Boards of reporting in the FY 2023/2024.

3. Payment to the Council of Governors (COG)

Committee Observation

The Committee noted that payments made to the Council of Governors from County Revenue Funds were irregular and unlawful since the Intergovernmental Relations Act specifies that funding for the COG shall be drawn from the Consolidated Fund.

Committee Recommendation

The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to make the irregular contribution.

The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate.

4. Delay and non-submission of documents

Committee Observation

The Committee noted that the County entities did not submit or made late submissions of the relevant documents to the Auditor General during the audit exercise contrary to section 62 of the Public Audit Act, 2015.

Committee Recommendation

The Committee recommends that the County Chief Executive Officer (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Disclaimer opinion, the Committee recommends the sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

5. Pending bills

Committee Observations

The Committee observed that the county entities had pending bills that had been outstanding for several years. Further, the entities continued to incur further bills without prioritizing payment of verified pending bills as a first charge in the subsequent financial year as required by law.

Committee Recommendations

The Committee therefore recommends that:

- 1) the County entities should prioritize payment of all verified pending bills as a first charge in the subsequent financial year;

- 2) the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and
- 3) the county executives put in place measures to enhance own generated revenue in order to meet its revenue target and address revenue shortfalls that contribute to the challenge of pending bills.
- 4) Pending bills deemed ineligible should be forwarded to the Directorate of Criminal Investigation (DCI) to investigate and take proper legal action against those filing false claims.
- 5) County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.
- 6) The National Treasury takes lead in a multi-agency approach to come up with legislative and procedural measures to deal with accumulation of pending bills in counties within 90 days of adoption of this Report.
- 7) County Governments to take note of judgement in a Kitale High Court Constitutional Petition E003 of 2023 that declared formation of pending bills verification committees unconstitutional and engage Office of the OAG and strengthen the internal audit functions.
- 8) All valid pending bills that have been reviewed by the OAG be paid and a payment plan be submitted to the county assemblies for approval and progress report on implementation sent to the Senate and the Office of the Controller of Budget.
- 9) The Committee will seek to reintroduce the Prompt Payment Bill with amendments aimed at ring-fencing a certain percentage of the equitable shareable revenue for pending bills and retain money at source to pay pending bills.

6. Non-Compliance with the Law on Fiscal Responsibility - Wage Bill

Committee Observation

The Committee observed that the wage bill for a number of County entities was above the threshold of 35% of total receipts contrary to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

The Committee further noted that high wage bill is a threat to the objects of devolution as provided for under Article 174(f) of the Constitution.

Committee Recommendations

The Committee recommends that-

- 1) the management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue;
- 2) the county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap; and
- 3) the management of the concerned entities should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.
- 4) Senate should consider reintroducing the fiscal responsibility index in revenue allocation to act as an incentive for counties that meet the PFM fiscal responsibility targets.

7. *Outstanding imprests*

Committee Observations

The Committee noted that the County entities had substantial amounts of outstanding imprest by the close of financial year contrary to Regulations 93(5) of the Public Finance Management (County Government) Regulations, 2015 which requires a holder of a temporary imprest to account for the imprest within seven days after returning to duty station.

Committee Recommendation

The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation.

The Committee further recommends the sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.

8. *Budget Control and performance*

Committee Observation

The Committee observed that; -

- a) the county entities did not receive exchequer releases from the National Treasury on time.
- b) the Committee noted that the county executives did not meet their own source revenue collection targets. This challenge hampered budget implementation in the affected county entities.
- c) Most Counties fail to undertake public participation on supplementary budgets that exceed 10% of the budget contrary to Section 135 (7) of the PFM Act, 2012 and Regulation 39(9) of the PFM (County Government) Regulations, 2015.

Committee Recommendations

The Committee recommends that; -

- 1) The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

- 2) the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls.
- 3) County Assemblies to exercise their powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations.

9. Lack of ethnic diversity in staff establishment

Committee Observations

The Committee observed that; -

- a) there was no ethnic diversity among employees of county executives as employees were mainly drawn from the dominant community in the county; and
- b) due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that *no public establishment shall have more than one third of the staff from the same ethnic community.*

Committee Recommendations

The Committee recommends that-

- 1) the County Executives should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.
- 2) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.

10. Non-compliance with the One Third Basic Salary Rule

Committee Observations

The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

Committee Recommendations

The Committee therefore recommends that -

- 1) The county entities should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and
- 2) The Auditor General should continue monitoring the issue in subsequent audit cycles.

11. Prior Year Issues

Committee Observation

The Committee observed that most County entities did not take action on issues raised in the Report of the Auditor General for previous financial years even where the reports has been considered by the Committee and a report tabled and adopted by the Senate.

Committee Recommendations

The Committee recommends that; -

- 1) the County entities should strictly comply with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General.

- 2) The Institute of Certified Public Accountants of Kenya (ICPAK) takes action(s) against professional accountants who prepare financial reports which do not comply with the Public Sector Accounting Standards as it amounts to gross negligence in the conduct of professional duties which constitutes a professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531.

12. Failure to establish an Audit Committee

Committee Observation

The Committee observed that in a number of the entities considered, management had not established audit committees to provide oversight on the financial and other operations of their financial affairs as required under Section 167(1) of Public Finance Management (County Governments) Regulation, 2015.

Committee Recommendation

The Committee recommends that the county entities should expedite establishment of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.

The Committee further recommends that the SRC should review the compensation framework for Audit Committee members since the low sitting allowances may not attract seasoned professionals to the county Audit Committees.

13. Lack of a Risk Management Policy Framework

Committee Observations

The committee noted that a number of county entities did not have a risk management policy framework in place. The committee further observed that lack of risk prevention mechanism may expose the entities to various form of risks.

Committee Recommendations

The Committee recommends that the Accounting Officer for all county entities should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General. The committee further recommends that the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.

14. Payment of Salaries outside the IPPD

Committee Observation

The Committee noted that some Counties Executive were making payments of salaries for some of its employees outside the Integrated Personnel and Payroll Database (IPPD) System.

Committee Recommendations

The Committee recommends that;

- 1) County Entities should engage the State Department of Public Service to fast-track the issuance of personal numbers to enable Counties onboard all employees on the Integrated Personnel and Payroll Database (IPPD) System; and
- 2) the Auditor General to monitor the matter in subsequent audit cycle.

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. These include openness, accountability, public participation, prudent and responsible financial management.

Office of the Auditor-General

The Office of the Auditor-General is established under Article 229 of the Constitution. Pursuant to Article 229(4) the Auditor General audits and reports in respect of each financial year the accounts of all county governments. The reports are then submitted to Parliament in accordance with Article 229(7). The reports, once tabled, stand committed to the County Public Accounts Committee for consideration.

Sittings of the Committee

At its meeting held on 4th March 2025, the Committee resolved to consider the reports of the Auditor General for the 47 County Executives and 47 County Assemblies. Taking into account the constitutional timeliness provided for in Article 229(8) and owing to limited time, the Committee invited some Governors and requested the rest to submit written management responses within 7 days from the date of receipt of a letter from the Clerk of the Senate. The Committee further requested the 47 County Assemblies to submit written management responses for consideration.

The sittings were primarily investigatory and the Committee received evidence from the Governors as the Chief Executive Officers of the County pursuant to Article 179 (4) of the Constitution.

However, despite being accorded an opportunity to be heard by the Committee on the issues raised by the Auditor-General in her report, the County Executives of Isiolo, Kiambu, Baringo, Marsabit, Nyamira and Kajiado elected not to exercise that right or submitted their responses outside the timelines. This led the Committee to conclude that the County Executives had no defence or mitigation against any allegation contained in the report of the Auditor-General. This being the case, the Committee agrees and adopts the entirety of the report of the Auditor-General. The Committee therefore requests the Senate to summon the six (6) Counties to explain failure to comply with the Committee's directive.

The Committee acknowledges the appearance of Nyamira before it; however, it has been noted that the County did not meet the minimum threshold required for the admission of documents and responses. Consequently, the Committee resolved to initiate a special inquiry into the governance and fiduciary arrangements within Nyamira County.

This inquiry comes in light of the ongoing challenges within the County Assembly, which is currently experiencing significant internal disarray. In this context, the Committee emphasizes the necessity for the Members of the County Assembly (MCAs) to be empowered to exercise their primary oversight responsibilities effectively.

The Committee will, therefore, work closely with relevant stakeholders to ensure that the necessary steps are taken to address these concerns and strengthen governance frameworks in the county.

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 2023/2024.

Guiding Principles

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 2023/2024. This report is issued pursuant to the requirements of Articles 96 (3) and 229(8) of the Constitution of Kenya. 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.

Follow Up for Each County Executive

Most of the issues raised by the Auditor-General in her report were not adequately addressed. The Senate therefore needs to ensure that the issues are addressed to ensure that public funds entrusted to the County Executives and the County Assemblies are sufficiently accounted for and that there is no loss due to impropriety.

The Senate also needs to ensure that the law is adhered to in the planning and expenditure of public funds and hold those who breach the law accountable for their unlawful actions.

Therefore, the Committee recommends follow up on the recommendations made in this report to ensure that all issues raised by the Auditor-General in her report are adequately addressed.

Therefore, the Committee recommends to the Senate to resolve that the Committee;

- i. undertakes an inquiry into the issues raised by the Auditor-General to ensure that all the issues raised are adequately addressed;
- ii. conducts visits and inspect all projects highlighted by the Auditor-General in her report to confirm the status and verify any information that may ensue to address the issues raised in the report; and
- iii. follows up on the issues raised by the Auditor-General to ensure that all officers who may have taken part in the misappropriation of funds or any other breach of law are properly investigated and, where found culpable, prosecuted in a court of law.

The Committee further recommends that the relevant accounting officers shall within three months after Parliament has considered and made recommendations on the audit report take the relevant steps to implement the recommendations of parliament on the report of the Auditor-General and give explanations in writing to the Parliament on why the report has not been acted upon.

ACKNOWLEDGEMENTS

The Committee appreciates the Office of the Auditor General, The National Treasury, the Controller of Budget and the Ethics and Anti-Corruption Commission for the support they offered to the Committee especially in providing references on various issues under consideration.

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 for county governments. The Committee further appreciates the cooperation it received from the Governors who appeared before the Committee.

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

Mr. Speaker Sir,

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

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

SIGNED:

DATE:

SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON

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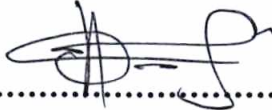
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SIGNED:

DATE: 26 March 2025

SEN. MOSES OTIENO KAJWANG', CBS, MP

CHAIRPERSON

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF BUNGOMA COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
REPORT ON FINANCIAL STATEMENTS						
1	Unreconciled Variance between Financial Statements and Payroll Records on Compensation of Employees	The statement of receipts and payments reflects compensation of employees' payments amounting to Kshs.4,859,170,763 and as disclosed in	The variance of Kshs.592,880,495 was caused by personnel related costs not processed through payroll (IPPD). These include basic wages of temporary staff and KRA tax liabilities and reconciliations done as follows: Unpaid IPPD salaries of Kshs.881,691,254 less Basic wages for temporary employees of	The Committee noted that the County did not provide any explanation or reconciliation to	The Committee recommends that- 1. The Office of the County Governor undertakes administrative actions	60 days

		Note 3 to the financial statements. However, the supporting payrolls revealed expenditure amounting to Kshs.5,452,051,258 resulting to unreconciled and unexplained variance of Kshs.592,880,495. The accuracy and completeness of compensation of employees amounting to Kshs.4,859,170,763 could not be confirmed.	kshs.186,556,198 and Tax arrears paid to KRA of kshs.102,254,563.	support the unreconciled variance of Kshs. 592,880,495	against the responsible officer(s) who failed to provide documents to the auditors at the time of audit, in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.	
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					2. The EACC to investigate the unsupported payments with a view to cause prosecution of responsible officers in accordance with Section 62(2) of the Public Audit Act, 2015 for failure to provide the documents to the auditors and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
2	Unreconciled Variances	The statement of receipts and	a) Kimilili Municipality – Variance of Kshs. 39,647,586	The committee observes that	Committee recommends	60 Days

	Transfers to Other Government Entities	payments reflects transfers to other government entities amounting to Kshs.647,969,990 and as disclosed in Note 5 to the financial statements. However, comparison of the amounts reported in the financial statements of the entities shown in the table below revealed that the amount received was different from the amount	The variance was composed of payments by the County Government on behalf of the Municipality recognized by the Municipality in its Financial Statements. Amount ksh. 1,194,560 - Transfers from Kimilili Municipality to Bungoma Municipality, not the County Executive. Amount ksh 79,470,574. Payments by the County Government on behalf of the Municipality recognized by the Municipality in its Financial Statements a) Bungoma County Climate Change Fund – Variance of Kshs. 11,000,000 The variance related to Kshs. 11,000,000 received into the County Revenue Fund Account on 4th July, 2024. The Fund reports on IPSAS	the acknowledgment of funds by Bungoma Municipality should be accompanied by the bank statement of Bungoma Municipality.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public	
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		indicated as transferred by the County Executive. These variances were not explained or reconciled. 1. Kimilili Municipality received Ksh 60,402,326 after a transfer of Ksh 20,754,740, resulting in a variance of Ksh 39,647,586. 2. Bungoma Municipality received Ksh 80,665,133 with no transfer from the County Executive, leading to a	Accrual basis of accounting while the County Executive reports on IPSAS Cash basis of accounting. The County Executive had not transferred the amount to the Fund as at the closure of the year. Therefore, the amount was not recognized as part transfers. In contrast, the Fund recognized Kshs. 11,000,000 as revenue receivable as it reports on the basis of IPSAS Accrual, hence the variance. a) Scholarships and Other Educational Benefits – Variance of Kshs. 30,000,000 The Fund reports on IPSAS Accrual basis of accounting while the County Executive		Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32	
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		In the circumstances, the accuracy and completeness of transfers to other government entities amounting to Kshs.647,969,990 could not be confirmed.				
3	Unaccounted for Other Capital Grants and Transfers	The statement of receipts and payments reflects other grants and transfers amounting to Kshs.681,048,669 and as disclosed in Note 6 to the financial	Management has provided the supporting documents for audit review.	The committee noted that the Supporting Schedule totaling to Kshs.681,048,669.00 was availed. However, payment vouchers totaling to the	The Committee recommends that- 1. The Office of the County Governor undertakes administrative actions against the	60 Days

		statements. However, the supporting documents for the payments were not provided for audit. In the circumstances, the accuracy, completeness and propriety of other grants and transfers amounting to Kshs.681,048,669 could not be confirmed.		amount was not availed for audit.	responsible officer(s) who failed to provide documents to the auditors at the time of audit, in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.	
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OTHER MATTERS						
1.	Budgetary Control and Performance	The statement of comparison of budget and actual amounts (recurrent and development combined) reflects receipts budget and actual on comparable basis amounting to Kshs.12,948,647,400 and Kshs.10,773,422,692 respectively, resulting in under-funding of Kshs.2,175,224,708 or 17% of the budget. Similarly, the	The underfunding of Ksh.2,175,224,708 was caused by: i. Late disbursement of June Exchequer of Ksh. 888,900,000. It was disbursed on 26th July 2024, ii. Unremitted grants and donor funds – Ksh. 682,867,886 iii. Shortfalls in own source revenue collection during the year – 603,456,823		The committee recommends: 1.The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and 2. The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and	Continuous

		County Executive spent Kshs.10,451,325,600 against an approved budget of Kshs.12,948,647,400 resulting in under-expenditure of Kshs.2,497,321,800 or 19% of the budget. The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.			address revenue shortfalls	
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2	Pending Accounts Payable 2.1 Unexplained Increase in Pending Accounts Payable	Note I7.1 under other important disclosures and as disclosed in Annex 2 to the financial statements reflects pending accounts payable totaling Kshs.3,339,153,758. However, the pending accounts payable increased by Kshs.2,094,647,077 from an amount of Kshs.1,244,506,681 reported in the previous year's financial statements which results in	Management agrees with the audit observation. The major contributing component was outstanding salary for May and June 2024 of Ksh. 881,691,254. There was also supply of farm inputs of Ksh. 116,452,200 which was an addition during the year. The National Treasury did not release June Exchequer at the end of the Financial Year. Pending bills amounting to Ksh. 1,204.422,752 have been cleared as at 28th February 2025. The County Government has developed a pending bill payment plan that has since been approved by the County Executive Committee.	The committee observes that the response from the National Treasury has not been received. Additionally, there is a lack of evidence demonstrating engagement with the treasury. Furthermore, the management plan for pending bills has not been made available for audit purposes.	The committee recommends: 1.The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and 2.The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and	Continuous

		168% increase. In addition, the dates invoiced/contracted, original amounts or contract sum, and balance at the beginning of the financial year were not stated for several outstanding pending bills. Further, the Controller of Budget indicates in County Government Budget Implementation Review Report for the financial year 2023/2024			address revenue shortfalls	
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		that the county executive had a high level of pending bills, which amounted to Kshs.3,506,516, 486 as of 30 June, 2024 since the county Treasury did not adhere to the payment plan for the pending bills.				
2.2	Unreconciled Electricity Pending Bills	Included in Annex 2 to the financial statements are pending electricity bills amounting to Kshs.10,335,677 owed to Kenya Power	Management is committed to timely payment of power utility bills. To facilitate this payment, the County Government has written to Kenya Power to provide a list of specific power utility bills together with current balances to enable reconciliation. Management is awaiting feedback from Kenya Power	The committee observes that the communication between Kenya Power and the County Government has been duly provided.	The committee recommends that debt service payments be prioritized as a first charge on the County Revenue Fund, in accordance with Regulation	Continuous

		Kshs.12,195,263. In the circumstances, the accuracy and completeness electricity pending bills amounting to Ksh.10,335,677 could not be confirmed.				
2. 3	Unreconciled Lapfund Pending Bills	Included in Annex 2 to the financial statements are Lapfund pension deductions amounting to Kshs.566,828,951 for principal and accrued interests.	The County Government and Lapfund team on 19 th March 2024 jointly reconciled the outstanding pending bill for employer pension contribution. The amounts arrived at was 579,234,617. Management has contacted LAPFUND to provide current statement to facilitate further reconciliation to establish the correct position. Meanwhile, payment of Ksh. 43,230,249.25 has been	The Committee noted the matter was still outstanding. However, the supporting documents were not provided by the management at the time of the audit.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit	60 Days

	However, third party confirmation by Local Authorities Provident Fund (LAPFUND) revealed that the County Executive owed Lapfund a total of Kshs.31,354,376 as at 30 June, 2024 which results in an unreconciled variance of Kshs.535,474,575. In the circumstances, the accuracy and completeness Lapfund	remitted to LAPFUND on in the current Financial Year 2024/2025.		in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
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		pending bills amounting to Kshs.566,828,951 could not be confirmed.				
3	Unresolved Prior Year Matters	As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in	Management is committed to resolving all prior year audit matters as detailed in the Financial Statements of the County Executive for the year ended 30 th June, 2024. The summary is as follows, a total of 31 issues were identified for the year 2022/2023. Out of these, 12 issues were addressed, with 9 addressed in the current year and 3 in the previous year (2021/2022). Additionally, 26 issues were partially addressed, comprising 12 in the current year and 14 in the previous year. Furthermore, 18 issues remain not addressed, with 10 from the current year and 8 from the previous year. Overall, there were 56 issues raised across both years.	The committee observes that the management has not provided the recommendations from oversight bodies. This issue remains outstanding.	The committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	60 Days

		resolving the issues.				
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						
1.0	Regularity of Human Resource Management Practices	The statement of receipts and payments reflects an amount of Kshs.4,859,170, 763 in respect of compensation of employees which, as disclosed in Note 3 to the financial statements, includes Kshs.4,446,516, 807 relating to basic salaries of permanent employees.	The non - compliance was occasioned by introduction of new levies when the officers had already committed their salaries on third party deductions; a) Housing Levy b) NSSF c) HELB Loans Management has written to the affected officers to scale down commitments to respective institutions to ensure compliance to one third basic Pay Rule. The number of officers earning less than one third of their basic pay has reduced from 886 to 265.	The committee observes that there has been a significant reduction in the number of officers earning less than one-third of their basic pay, decreasing from 886 to 265. However, this indicates that the issue is only partially resolved.	The committee recommends 1. The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue as well as comply with	60 Days

		However, review of the Integrated Payroll and Personnel Database (IPPD) as at 30 June, 2024 revealed that an average of 886 employees were earning net salaries that were less than one-third of their basic salaries per month during the year under review. This was contrary to Section 19(3) of the Employment Act, 2007 which states that total deductions from			the requirement s of law; 2. the county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and The Auditor General should continue monitoring the issue in subsequent financial years.	
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		salaries of employees shall not exceed two-thirds of the respective basic salaries. In the circumstances, Management was in breach of the law.				
1. 2	Lack of Ethnic Diversity in New Staff Recruitments	Records provided for audit review including the payroll indicate that during the year under review, the County Executive recruited three hundred and twenty-eight	Management agrees with the observation that 81% of the two hundred and sixty-five (265) employees were from the dominant ethnic community in the County. In the job advertisement, the Board had added a clause in the adverts encouraging applicants from the minority ethnic communities and persons living with disabilities to apply. In most cases, applications from this affirmative group are not received as expected. Management	The Committee observed that; - 1) there was no ethnic diversity among the County Executive employees. 2) that due to the homogeneous ethnographic population in	The Committee recommends that- 1) The county executive should work progressively towards attaining the requirement of the	Continuous

		(328) new employees. However, out of this number, two hundred and sixty-five (265) employees or 81% were from the dominant ethnic community in the County. This was contrary to Section 65(1)(e) of the County Governments Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider that at	has however noted this gap and will endeavor to comply with section 65(i)(e) of the county Government Act. 2012	most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one-third of the staff from the same ethnic community.	provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 2) The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section	
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		least thirty (30) percent of the vacant posts are not from the dominant ethnic community in the County. In the circumstances, Management was in breach of the law.			65(1)(e) of County Government Act, 2012.	
1.3	Excessive Wage Bill	The statement of receipts and payments reflects total expenditure of Kshs.4,859,170,763 in respect of compensation of employees which represents 47% of the total	The high wage bill has been occasioned by a number of factors below: i. Annual salary increments as per the employee job scales; ii. Implementation of the Collective Bargaining Agreement for the health workers in the year 2017/2018; iii. Conversion of the terms of employment of the ECDE teachers from contractual to permanent in the year 2018;	The committee observes that the high wage bill may take time to be addressed due to the absence of a functioning staff establishment.	The Committee recommends that- 1) the management should provide to the Auditor General and the	60 Days

		receipts for the year of Kshs.10,375,865,875, contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which states that the total expenditure on the wage bill for County Governments should not exceed thirty-five (35) percent of the County Government's total revenue.	iv. Conversion of the terms of employment of the casual employees to permanent in the year 2017/2018; v. Phased Implementation of Salary Increments for the staff of the County Executive as per the various SRC Circulars. vi. Absorption of officers of the defunct local authorities; vii. Implementation of the Civil Servants Superannuation Scheme from the year 2020.		Senate the measures it will put in place to contain the high wage bill within sixty (60) days of the adoption of this report; 2) the management should strictly adhere to the provision of paragraph	
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		In the circumstances, Management was in breach of the law.			25(1)(b) of the PFM Act (county government) regulations, 2015 which stipulate that the county wage bill should not exceed 35 per cent of the county total revenue; and 3. the county executive puts in	
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					place measures to enhance its own source revenue collection in order to address the wage bill gap.	
1. 4	Engagement of Temporary Workers	The statement of receipts and payments reflects an amount of Kshs.4,859,170, 763 in respect of compensation of employees which, as disclosed in Note 3 to the financial statements,	i) Health Management acknowledges the audit observations. The employees have been serving on renewable three months. Due to budgetary constraints, the casuals could not be absorbed or employed on Permanent and Pensionable terms. The County Public Service Board has however regularized the terms of five hundred sixty six (566) from temporary engagement to permanent and pensionable terms. The County Government has a Policy on the	The committee observes that the implementation of the policy regarding employees on short-term contracts is currently ongoing, indicating that the issue is	1. The Senate notes that the process of issuance of Personal File Numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction	60 Days

	includes Kshs.186,556,197 relating to basic salaries of temporary employees. Review of the casuals' payroll revealed that six hundred and seventy (670) casual staff were engaged for more than three (3) continuous months without a provision of 31% gratuity on their salary and wages. This was contrary to Section 37(1)(a) and (b) of Employment Act, 2007 which	engagement of employees on Short-Term Contracts. i) Agriculture The casuals were engaged on short term arrangement of 2 weeks and not 3 months as observed by audit. The department's three operating units that include Mabanga farm, Mabanga cafeteria and Chwele fish farm experience peak periods which require additional human resource that call for engagement of casuals at most for two weeks. The demand is so often that the facilities' request for casuals immediately after lapse of the earlier engagement hence almost same casuals are engaged again. The County Public Service Board has commenced the process of conversion of these casuals to permanent terms. Arising from the communication by the County Secretary Ref: CG/BGM/HRM/CS/VOL.I/122 here attached, the department has since stopped engaging casual employees	partially resolved.	with the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties; 2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor	
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	requires that where a casual employee works for a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly. Further, employment of casual employees was done at departmental level without a written authority	directly and instead the County Public Service Board took over this mandate. a) The casuals were contracted without 31% gratuity of their salary and wages. The casuals were not engaged for more than three months and could not qualify for gratuity. Appointment letters had no provision for gratuity. However, retirement benefits of the casual employees were guaranteed through contributions made by the respective hospitals and agricultural facilities to NSSF. a) It was also observed that recruitment of the casual employees was done at the departmental level without authorization of the County public service board. The recruitments were done at the individual hospitals, health facilities and agricultural training centre. The facilities had adopted the pre-		General within 60 days of adoption of this report; 3. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to come up with Regulations to provide guidance and clarity to county governments on	
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		by the County Public Service Board. In addition, there did not exist a policy document to guide on the selection criteria, terms of engagement, and remuneration of casuals. Also, the employment files for casuals engaged during the year under audit review were not provided for audit review. In the circumstances, Management	devolution practice where, hospital management boards could engage casual employees for the hospitals while Mabanga Agricultural Training Centre could engage casual employees based on Demonstration Farm Fund Operations Manual for Agricultural Training Centres - May 2011. However, the County Public Service Board has regularized the terms of the identified casual employees At the time of audit, the files for the casuals were being processed by the County Public Service Board; from temporary to permanent engagement.		engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and the Auditor General to monitor the matter in the subsequent audit cycle.	
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		was in breach of law.				
1. 5	Employees on Long-Term Probation	Verification of the payroll data for the month of June, 2024 revealed that six hundred and seventy-two (672) employees were serving on probation periods of up to sixteen (16) years. The Management did not explain the reasons for failing to confirm the employees to permanent and pensionable terms in accordance with	Clause five (5) of offer of appointment from the Board stipulates the probation period of six (6) months. This is in compliance with section B. 18 of the Human Resource Policies and Procedures Manual, 2016. The listing however includes officers inherited from the National Government in advent of devolution and officers employed by the County Government since 2013. The Board has progressively processed these confirmations on a case-by-case basis as below: 1. Ref.CPSBB/APP./VOL.IV (188) dated 2nd July 2024 whereby forty-five ((45) officers from Department of Education and Vocational training have been confirmed in appointment. Attached is the list of the officers.	The committee observes that management has made progress in confirming officers on a permanent basis, as evidenced by the list of appointed officers provided in Appendix 12b. However, this issue is considered partially resolved.	The committee recommends that 1. the Auditor General to monitor the matter in the subsequent audit cycle. 2. The committee recommends that the county executive adhere to Section 42(2) of the Employment Act, 2007, which stipulates that the probationary period shall not exceed six months.	60 Days

		Section 42(2) of the Employment Act, 2007 which states that a probationary period shall not be more than six months but it may be extended for a further period of not more than six months with the agreement of the employee. In the circumstances, Management was in breach of the law.	2. Ref.CPSBB/C.APPT/APP/VOL.II/135 dated 29th July, 2024, where 138 officers from the department of Health and Sanitation have been confirmed in appointment. Find the list attached. 3. Letter Ref.CG/BGM/HRM/CPSB/VOL.11/135 dated 5th August, 2024 forwarding list of 516 on probation for confirmation in appointment and admission to pensionable establishment. The process is ongoing for the remaining by the County Public Service Board. Appendix 012(a); Sample copy of offer of appointment Appendix 012(b); List of Officers who have been confirmed Appendix 012(c); Request for staff confirmation to the County Public Service Board		Furthermore, the committee urges the county executive to expedite the process of confirming employees to permanent terms to ensure compliance with the law.	
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1. 6	Operating Without Approved Staff Establishment	Review of June, 2024 payrolls revealed that the County Executive paid 6,383 employees through the Integrated Payroll and Personnel Database (IPPD) payroll. Out of this number, one hundred and ninety-nine (199) staff were promoted while 328 were recruited during the year. However, during the year under review, the County	The Board is in the process of developing a County executive staff establishment and organogram and further submission to relevant stakeholders for approvals. This is as per communication to all authorized officers to forward their submissions on the same.	The committee observes that an establishment was sent on February 13, 2024, with a requirement for a response within 14 days as outlined in Appendix 13. However, the county has not provided a draft staff establishment, indicating that this issue remains unresolved.	The committee recommend that; 1. The county Executive should expedite development and approval of its staff establishment, and a status report should be submitted to the Auditor General for verification within sixty (60) days of the adoption of this report. 2. The county Executive submits a status report to the OAG on the	60 Days
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		Executive did not have an approved staff establishment and therefore the optimal staffing levels for all cadre of staff had not been established in accordance with Section 5(f) of the County Governments Act, 2012 which states that a county government shall be responsible for establishing and staffing its public service as contemplated under Article			progress of the audit on staff establishment, payroll and the County's measures to ensure compliance with the law.	
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		235 of the Constitution. The Management did not explain or specify the mechanisms it relied upon to identify existence of vacancies that were filled. In the circumstances, Management was in breach of the law.				
2.	Regularity of Procurement and Award of Contracts	Verification of several project files of the County Executive revealed that key information was	a) Key information was lacking including the contract dates, commencement dates, current status, expected completion dates and revised completion dates The Management agrees that the project files in the Departments may	The committee observes that the selected files, as detailed in appendix 14a, contain key	The Office of the County Governor undertakes administrative action against the Head of	60 Days

	lacking including the contract dates, commencement dates, current status, expected completion dates and revised completion dates. Further, the Management did not provide monthly progress reports of all the procurement contracts. The project implementation team also failed to provide the updated records relating to each contract in accordance with Regulation 140	lack the indicated key information. However, the files maintained at the County Supply Chain Management office had captured the indicated information and are available for audit verification. See the attached selected files Appendix 014(a); Selected files b) No monthly progress reports of all the procurement contracts. Monthly progress reports on all procurement contracts have been availed for audit verification. Appendix 014(b); Monthly progress reports c) Updated records relating to each contract The project implementation team has been preparing records for each contract in accordance with Regulation 140 (1) of the Public Procurement and Asset Disposal Regulations, 2020. Attached are the project status reports from project implementation team.	information that was previously lacking. Additionally, the attached monthly progress reports and implementation reports in appendices 14b and 14c have been reviewed. The committee notes that the issue has been partially resolved.	Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
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		(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the head of procurement function shall prepare a monthly progress report of all procurement contracts and submit the same to the accounting officer in accordance with Section 152 of the Act and Regulation 140(2) which provides that the report referred to in paragraph (1)	Appendix 014(c); Project Implementation Team Reports			
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		shall include— (a) contract description; (b) contract number; (c) value of contract; (d) commencement date; (e) current status; (f) the amount of money paid; and (g) the expected completion date. In the circumstances, Management was in breach of the law.				
4.	Construction of Ward Administration Offices at Misikhu	A local contractor was paid Kshs.1,834,683 on 5 March, 2024 for	a) Procurement file and contract documents to confirm the correct contract sum. The contractor requested for variation of contract on account of delayed site handing over and	The committee observes that the request for contract variation and extension has	The committee recommends; The Kenya Institute of Supplies Management	60 Days

	and Bokoli Wards proposed erection and completion of ward administrators offices at Misikhu and Bokoli wards which were started in the financial year 2014/2015 at a contract sum of Kshs.17,921,926. During the year under review, the interim certificate No.5 showed a revised contract sum of Kshs.21,362,240 and the works done were 85%	change of rates arising from covid 19 on 10th July, 2020. The Accounting Officer approved the request for variation on 6th July, 2022. The revised contract of Ksh. 21,362,240 is attached. Appendix 016(a); Request for contract variation Appendix 016(b); Contract extension order of the project by the Accounting Officer. Appendix 016(c); Revised Contract – Ksh. 21,362,240 b) The current status of the projects could also not be confirmed and no reasons were given for the delay implementing the project. The contractor is on site for Misikhu ward office. The delay in project implementation was occasioned by disputed land on which the ward office was to be constructed. The dispute has since been addressed between the County Government and the National Government.	been submitted, as detailed in appendices 16a, b, and c. However, the revised contract has not been included. The committee notes that the issue has been partially addressed.	(KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
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		complete. However, the procurement file, contract documents, extension of the contract duration documents and the current status of the project were not provided for audit review. In the circumstances, value for money may not have been achieved on the implementation of these projects.				
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6.	Completion of Masinde Muliro Stadium	The County Executive contracted a local company for construction of Phase 1 of Masinde Muliro Stadium at Kanduyi at a contract sum of Kshs.679,386,379 for a twenty-four (24) months contract period from 14 June, 2019 with an end date of 31 January, 2021. During the year under review, the scope of works was expanded to include construction of office block,	a) Liability insurance cover not renewed and no evidence that performance security bond was renewed The contractor has submitted the performance security bond as attached. Appendix 018(a); Contractors Performance Bond expiring on 31st July, 2024. Appendix 018(b); Contract Addendum(Amendment) Agreement b) Approximately 90% of the work was complete and the Contractor had been paid an amount ksh.746,164,871.86 which is approximately 92%. Management made payment for the measured and certified works as per project technical report. Actual payment to the contractor by the time of audit was Ksh. 711,110,973 and not Ksh. 746,164,871.86. The 92% is the accounting ratio of payments to	The committee observes that the contractor's performance bond has been submitted and reviewed, as detailed in appendix 18a. However, the contract addendum agreement expired on June 15, 2024, and the works remain incomplete, according to the status report dated March 14, 2025. Additionally, while the stadium land has a URN	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012	60 Days
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	arena stand, perimeter wall, renovation of football pitch, external works and civil works, mechanical and electrical works amounting to Kshs.128,078,424 which lead to a revised contract sum of Kshs.807,464,803 and an end date of 15 June, 2024 as approved by the contract implementation team. However, the contract period was extended without renewal of liability	date against the contract sum as computed by the auditor. This ratio does not form the basis of estimating work done in engineering works. The project is now 92% done as per page 4 of the project status report. Appendix 018(c); Project Status Report dated 14th March, 2025 c) Remaining Works from project manager was not provided for audit review Management has provided the schedule of remaining works from project manager. Attached is the project status report that has a snag list on page 5. Appendix 018(d); Project Status Report dated 15th March, 2025 d) Audit inspection was done on 25 September, 2024 and it was observed that no work was ongoing as the contractor had abandoned the site	number, the title deed has not been provided. The committee notes that the issue has not been resolved.	and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible	
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	insurance cover and performance security bond. As at 30 June, 2024, the works were approximately 90% complete and contractor had been paid an amount of Kshs.746,164,872 which is approximately 92% of the contract sum. However, the schedule of remaining works from project manager was not provided for audit review.	The County Government owes the contractor Ksh. 35,053,898 on the certificates issued. The delay in payment has been caused by delayed exchequer funding. This has made the contractor to scale down operations on the site due to financial constraints. a) No title deed Land records indicate that the land is owned by the defunct Bungoma Municipal Council. Most the parcels of land inherited from the defunct local authorities lacked ownership documents which are progressively being processed based on availability of funds. The land has a URN number allocated to Bungoma Municipal Council. The processing of the title deed has since been initiated. Appendix 018(e); Official Search		loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences. The Office of the Auditor General to keep the matter in view in the subsequent audit cycle.	
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7	Construction of Kanduyi-Sang'alo Junction to Dual Carriage	The statement of receipts and payments reflects acquisition of assets amounting to Kshs.2,083,889, 103 and as disclosed in Note 8 to the financial statements. Included in this amount are two payments totaling Kshs.102,500,000 vide payment voucher No. Rpw/024 dated 27 December, 2023 for Kshs.40,000,000, and payment	a) Under Bill No. 16 – Bituminous mix bases This was as a result of adverse Variation of Prices (VOP) that rose by 110% since 2018 when the contract was awarded. To be able to continue with the project the client requested an internal variation of quantities. And this led to the reduction in the thickness of Asphalt concrete by 50mm to cater for the increased prices (See the attached VOP calculation) Appendix 019(a); Variation of Prices (VOP) calculation b) Under Bill No. 17 – Foot Bridge costing Kshs. 50,000,000 The bridge was to facilitate crossing of high pedestrian density at Chepkube market an area that was previously prone to high traffic accidents during peak hours. However, the initial contract period for the project was 2 years, but due to Covid 19 which was not anticipated in the initial planning of	The committee observes that a price variation resulting in a reduction of thickness has been recorded in appendix 19a. Management has explained that delays caused by COVID-19 increased administrative costs, which led to the decision to eliminate variations for the footbridge. Instructions for the remaining works have been provided to the	The committee recommends; The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County	60 Days
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		voucher No. Rpw/237 dated 28 June, 2024 for Kshs.62,500,000 which were made to a construction Company for construction of 6.7 Kilometers Kanduyi-Sang'alo Junction Road (C33) to dual carriage way. The contractor had received payments amounting to Kshs.1,341,481,891 as at 30 June, 2024 following award of contract and addendum for	the project, this affected the completion of the project since the working hours in a day was reduced to 6 hours. Also delayed payment to the contractor contributed to the slow progress of the project, thus leading to the extension of the contract by 9 months. Therefore, with an extension of contract period, the administrative cost increased arising from supervision vehicles, supervision allowance, Laboratory costs, licenses such as NEMA, insurance cost and so on. Now to be able to cater for this increased cost client requested for variation of contract by eliminating the footbridge from the design. c) Under Bill No. 20 - Road Furniture works are still outstanding The contractor had been issued with site instructions to undertake the works but due to the pending payments cited above, the contractor was not able to facilitate the	contractor, as detailed in appendix 19b. The committee notes that the issue has been partially resolved.	Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 3. The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable	
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	construction of the road on 27 December, 2018 at a contract sum of Kshs.1,573,728, 108 ending on 21 July, 2022. The project's resident engineer issued a status report on 14 November, 2023 indicating that the road was 98 percent complete. However, audit verification of the project established that bituminous mix bases - a 50mm asphalt concrete	activities on site to undertake the works. Appendix 019(b); Instructions to the contractor on remaining works d) Bill No. 26 – Street lighting done by State Agency The amount has not been reduced from the contract amount because as at the time of audit the contract had elapsed so the management cannot vary an expired contract. Also, the bill item no. 20 for street lighting has not and will not be included in any of the payment certificates. Therefore, the amount will remain in the contract but not certified for payment. The street lighting done using concrete posts instead of Steel Street lighting The objective of inclusion of street lighting in the BoQ was to ensure safety of road users during day and night. Considering that works were done by a different state agency, the		officer(s) for the offences. The Office of the Auditor General to keep the matter in view in the subsequent audit cycle.	
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wearing course, concrete works, a foot bridge costing Kshs.50,000,000, road furniture, and round posts street lights of Kshs.24,286,000 had not been done. However, the round posts street lights were not installed since the National Government installed in their place concrete posts streetlights during Madaraka day celebrations in	County Government did not have any input on the materials to be used because it was entirely done by National Government under Kenya power. e) The Contractor was not on site. Prior to the expiry of the contract, the contractor had been issued with site instructions to proceed and complete the works within the extended contract period and the defects liability period but due to budgetary constraints the County Government has liquidated pending work certified on certificate No. 8, 9 and 10. The road although not complete is open to motorists and pedestrians. Management reiterates that there are no other alternative routes within the area for traffic diversion., The County Government has not paid the contractor the pending certificates to be able to execute the pending works to make the road safe for both the			

	Bungoma county. An audit inspection done on 27 September, 2024 revealed that the road was one carriageway, 1.7 metres wide shoulders was not marked/identified for use by pedestrians on both sides, and poor drainage observed in middle sections of the road which retained flood water. Further, the road was being	motorists and pedestrians. As a mitigation measure, the department has erected temporary bumps at critical crossing points such as KMTC and Marel Primary school and also deployed County Enforcement Officers to guide traffic during peak hours to avert the risk. a) One carriageway, 1.7 metres wide shoulders were not constructed on both sides. The management does not agree with audit observation that the carriageway fell short of shoulders provided for in the BoQs at 1.7M wide. The road width from the median (raised island) to the drain is 8.7m, for a dual carriageway it requires 7m that's 3.5m and 3.5m. Therefore, when you subtract 7m from 8.7m you remain with 1.7m which is the shoulders on each side of the road. The shoulders have now been separated from the carriageway by road markings. The management			
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		used by motorists and pedestrians and the contractor was not on site thereby posing a great danger. In the circumstances, value for money has not been realized by the public on this project.	request the auditor to re-visit the site and get measurements right. Appendix 019(c); Road Drawing b) The road is not properly drained The management agrees with the audit findings that the road is not properly drained especially at super elevated points where gradients running to one side of the road are below the designed finished road level. The design of the road provided for 100mm Asphalt Concrete (AC) but as noted earlier, under Bill No. 16 (Bituminous mix bases, a 50mm Asphalt concrete wearing) which was not done due to adverse variations in Prices. A second layer of Asphalt concrete (50mm) is needed to raise the level for water to flow across the island and this will be done by KeNHA immediately the County Government hands over the project back to KeNHA.			
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8.	Construction of Misikhu – Naitiri – Brigadier Road	The County Executive contracted a construction company for upgrading of 39 kilometers Misikhu - Naitiri- Brigadier Road to Bituminous standards on 21 November, 2016 at a contract sum of Kshs.1,115,939, 198 with a completion date of 17 June, 2024. During the year under review, the contractor was paid a total of	a) Overpayment of Ksh. 91,053,557.50 The Management agrees that a total of Kshs.928, 007,956.00 had been paid, being; i. Kshs.829,498,563.23 for the value of works done, corresponding to the 75.53% physical works as per the progress report of 31st March 2024. ii. The extra amounts of Kshs. 98,509,794 paid was a result of the claims of the contractor. The contractor had made claim No.1 of Kshs. 150,000,000.00 arising out of suspension of the works. An evaluation committee evaluated and a total of Kshs. 71,920,000.00 was paid. The balance of Kshs. 26,509,794.00 was as a result of interest on the late payments of the IPCs. iii. Therefore, there are no overpayments done on the works. The contract had provisions that supported the extra payments.	The committee observes that the contract includes provisions for all payments made, as stated in appendix 20a of the contract agreement. However, the necessary contract closure documents have not been provided. The committee notes that the issue has been partially resolved.		
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	Kshs.169,002,876 which results in total payments amounting to Kshs.928,007,956 or 83% of the contract sum. However, status report dated 31 March, 2024 indicates the overall works were at 76% and that the contractor was overpaid by Kshs.91,053,557 which was attributed to interests on late payments. After the award and commencement	Appendix 020(a); Extract of the Contract Agreement Appendix 020(b); Project Progress Report dated 31st March, 2024 b) No documentary evidence demonstrating how the former contract was closed See the attached contract closure documents Appendix 020(c); Contract closure documents c) Transfer of two 4WD 2800cc motor vehicles estimated at Kshs.16,500,000 which were to revert back to the employer The two double cab vehicles, KCK 914W and KCK 916W are in the custody of the county government, though transfer of ownership has not been finalized. We have written a letter to the contractor to requesting him to initiate the transfer process.			
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	of the project, 19 Kilometres section of Misikhu to Naitiri road was taken over by the National Government leaving 20 Kilometres from Naitiri to Brigadier Road under the County Government of Bungoma. As a result, the County Executive re-advertised and awarded the construction to completion, contract for 20 Kilometres Naitiri to	Appendix 020(d); Communication to the Contractor on vehicle transfer Appendix 020(e); Current Work Tickets of KCK 914W and KCK 916W d) No publicity sign board was seen and there was no evidence that the signboards had been erected The contractor carried out the instruction issued to him of installing the signages, but they were vandalized during the subsequent campaign period of the General Elections. Appendix 020(f); Copies photos and inspection reports showing signages beforevandalization a) Stalled works Though the contractor was not on site at the time of the visit, the contractor is expected to complete the works as per the schedule. The contract completion date is 13th March 2026. The contractor is on			
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		Brigadier Road to the same contractor at a contract sum of Kshs.525,999,390 on 8 April, 2024. However, the county has not provided any documentary evidence demonstrating how the former contract was closed and transfer of two 4WD 2800cc motor vehicles estimated at Kshs.16,500,000 which were to revert back to the employer (County Executive of	course considering the fact that he has so far done 5kms of the 20Kms since the start of the new contract in April 2024. Appendix 020(g); Technical Report on the completed works Appendix 020(h); Letter from Contractor on Vandalism b) Construction of part of the road taken over by National Government from Misikhu to Naitiri had not started This contract is under the National Government Agency that is independent. The County Government has however written to the Agency to inquire on the current status of the road. Appendix 020(i); Communication to KERRA to inquire on status of project implementation of Misikhu – Naitiri			
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		Bungoma) at the close of the project. In addition, there did not appear indications that 10No. publicity sign boards costing Kshs. 750,000 we erected as provided in the contract. Further, the audit inspection done on 7 October, 2024 revealed that the roadworks had stalled and contractor was not on site and the construction of National Government				
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		Road had not started. In the circumstances, value for money has not been realized by the public in respect of the amount spent on this project.				
9.	Failure to Transfer Functions to Kimilili and Bungoma Municipalities	Note 4 to the financial statements in respect to use of goods and services indicates other operating payments amounting to Kshs.628,461,613, which in turn comprises	a) Transfer of Garbage Collection Function Transfer of functions has been done progressively as county continues to build capacity of the Municipalities. The County Government Executive has an active contractual engagement on the function of Refuse and Garbage collection. This function will be transferred upon expiry of the current contract. Appendix 021; Current Copy of Garbage Collection Contract	The committee observes that the county was undertaking functions meant for Municipalities and that transfer of functions has not been completed, and Management	The committee recommends that the County Executive promptly transfer the roles and functions specified in the Urban Areas and Cities Act, 2011. This action is essential for	60 Days

		payments for garbage collections amounting to Kshs.320,560,000. However, garbage collection is a function of Bungoma and Kimilili Municipalities as required by Urban Areas and Cities Act, 2011 (Amended in 2019) and charters for the two municipalities. Further, as reflected in the financial statements of Kimilili and Bungoma	b) Payments made on behalf of the Municipalities The County Executive made some direct payments associated with personnel emoluments since the county runs one payroll. Management is however committed to transferring funds to the Municipalities as provided in the charter.	has not provided evidence that any of the four key functions have been successfully transferred.	legal compliance and to grant the municipalities the operational autonomy needed to manage their responsibilities effectively and other services within 60 Days of the adoption of the report. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle	
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		Municipalities, the County Executive procured and made payments totaling Kshs.39,647,586 and Kshs.79,470,574 respectively on their behalf. No satisfactory explanation was provided for the failure by County Executive Management to give the two Municipalities operational autonomy. In the circumstances,				
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		Management was in breach of the law.				
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
1.	Lack of Fraud Prevention Mechanisms	During the year under review, the County Executive had not developed a fraud risk management policy and risk assessments were not conducted in the financial year under review. In the circumstances, the effectiveness of risk management could not be confirmed.	The County Government has a Risk Management Policy Framework, 2019. The Framework encompasses all aspects of Fraud Risk Management. Fraud Risk Assessment was undertaken as part of the Enterprise Risk Assessment. Fraud Risk Elements can be identified and documented in the Risk Register.	The committee observes that the risk management policy and the risk register have not been included in the mentioned appendices.	The Office of the County Government as per Regulation 158 (1) of Public Finance Management (County Governments) Regulations, 2015 put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same	60 Days

					to the Auditor General. The Auditor General to closely monitor the development, documentation and communication of these policies within the county entity in the subsequent audit cycles.	
2.	Weaknesses in Information Communication Technology (ICT) Internal Controls	Review of ICT internal controls revealed that the Management had prepared a draft ICT policy but it had not been approved for operation. As a result, disaster	a) Draft ICT Policy The draft ICT Policy has been approved by the County Executive committee awaiting further legislative processes. However, Management would like to state that there is no gap in Strategy and Policy direction as the County Government applies the National	The committee observes that the County Government has not yet provided a draft ICT policy.	1.The committee recommends that the process be fast tracked and the policy be implemented within sixty (60) days from the adoption of this	60 Days

		management and recovery policy, business and ICT continuity plan, ICT strategy committee and ICT steering committee had not been formulated. In the circumstances, the effectiveness of ICT internal controls could not be confirmed.	Government ICT Policy and ICT Standards issued by ICT Authority from time to time. Sec.8 (2) of the County Governments Act, 2012 allows the County Government to use a National Legislation in situations where there is delay in developing own legislation. b) The County did not have disaster management and recovery policies, business continuity plan and IT continuity plan in place The disaster management and recovery have been incorporated in the Draft ICT Policy and will be operationalized in due course after the Policy is approved. However, the County Government currently uses the National ICT Policy and the ICT Standards that provide guidance on the subject such as Data Centre Standard, ICT Governance Standard, Information Security Standard and Systems & Applications Standard.		report and submit the same to the Auditor General. 2.The Auditor General to closely monitor the development, documentation and communication of these policies within the county entity in the subsequent audit cycles.	
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			a) The County did not have an IT strategy committee and IT steering committee. The Management notes the concern. The two Committees have been provided for in the Draft ICT Policy and will be operationalized once the Policy is approved.			
3.	Failure to Provide Project Implementation Status Report	The County Executive did not provide for audit review the project implementation status report as at 30 June, 2024. Therefore, it was not possible to ascertain the number of projects approved for implementation, how many were	Management has provided project implementation status for all the projects for audit review.	The committee observes that the issue has not been adequately addressed, as Management has failed to provide the project implementation status as outlined in appendix 23.	The County Executive establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of	Continuous

		completed, how many were in progress, how many had not started and how many had stalled. In the circumstances, the effectiveness of projects' implementation management could not be confirmed.			value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015; and The Auditor General to audit the status of stalled projects and provide a status update to the Committee in the subsequent audit cycle.	
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4.0	Internal Audit Function	Review of the records and reports revealed that, the Audit Committee did not carry out annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report. In addition, the internal audit unit did not go through a professional assessment on its effectiveness done by a	This assessment is undertaken by the Directorate of Internal Audit as required by PFM Reg. 159(1). During the year 2023/2024, the Directorate undertook a self-assessment the results of which were reported in Section Five and Six of its Internal Audit Annual Report 2023/2024.	The committee observes that Management has not clearly indicated which issues raised have been fully implemented and which have only been partially addressed. Additionally, the letter communicating full implementation to the relevant departments has not been provided. The committee notes that this issue has not been	The committee recommends that the Audit Committee conduct the required annual review of the internal audit unit and its effectiveness, ensure a professional assessment is completed, and that the accounting officer submits a response and action plan to the audit committee chairperson within fourteen days, in compliance	60 Days
4.1	Lack of Performance Appraisal of the Internal Audit Function					

		professional body or recognized institution which should be done once every three (3) years but not more than five (5) years. This was contrary to Regulation 159(1)(2) and (3) of the Public Finance Management (County Governments) Regulations, 2015.		adequately addressed.	with relevant regulations.	
4.2	Failure by Management to Act on Internal Audit Reports	During the year under review, the internal audit unit of the County Executive	Management has implemented a number of issues raised by the internal audit department. The implementation however has not been satisfactory as observed by audit. Management has	The committee observes that while Management has attempted to implement	The committee recommends that the accounting officer take immediate	60 Days

		conducted audit assignments and reported on their findings. However, there was no evidence that the issues raised were acted upon by the Management in accordance with Regulation 165 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the accounting officer of the concerned entity shall be responsible for the	communicated with all county government departments to ensure full implementation of internal audit findings. Attached is a letter communicating this matter to departments.	several issues raised by the internal audit department, the implementation has not been satisfactory, as noted in the audit findings. Additionally, Management has communicated with all county government departments to ensure full implementation of the internal audit findings, as evidenced by the attached letter.	action to implement the recommendations made in the internal audit reports. A response and action plan must be developed and submitted to the chairperson of the audit committee within fourteen days of this report's adoption. Furthermore, the committee expects that this process be completed within 60 days to ensure compliance	
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		implementation of the recommendations made in the audit reports and shall develop responses and action plan which they shall submit to the chairperson of the audit committee within fourteen days. In the circumstances, the effectiveness of internal audit function could not be confirmed. In addition, Management			with Regulation 165(1) of the Public Finance Management (County Governments) Regulations, 2015, and to enhance the effectiveness of the internal audit function.	
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		was in breach of the law.				
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR
GENERAL ON AUDITED FINANCIAL STATEMENTS OF BUSIA COUNTY EXECUTIVE FOR THE FINANCIAL
YEAR 2023/24.**

Basis of Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1.	Unsupported Expenditure on Daily Subsistence Allowance	Note 4 to the financial statements, reflects Kshs.176,137,889 for domestic travel and subsistence which includes Kshs.16,525,845 that was not supported by supporting documents.	The management availed the response and the supporting documents of domestic travel and subsistence expenditure of Kshs.16,525,845 for audit verification.	The Committee observed that— 1. The county executive failed to ensure that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant 2. Regulation 93(1) of the Public Finance Management (County Governments) Regulations on imprest	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 62 of the	Within sixty (60) days of the adoption of this report.

				issuance was also not adhered to. 3. Further, regulation 104(2) of the Public Finance Management (County Governments) Regulations was also not adhered to.	Public Audit Act CAP 412B and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. the Accounting Officer recovers the outstanding imprests of Kshs.16,525,845 with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation; and 3. The Committee further recommends the sanction and surcharge of the Accounting Officer if he fails	
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					to recover outstanding imprests of Kshs.16,525,845 in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.	
2.	Unsupported Expenditure on Foreign Travel	Note 4 to the financial statements, reflects Kshs.38,111,767 for foreign travel and subsistence. However, out of the sampled payments amounting Kshs.18,496,248, a local Tours and Travel firm was paid Kshs.14,200,000 which represent over 80% of the contracts for provision of air travel agency services. There was no explanation on how the firm emerged the winning bidder so often	The management availed the relevant supporting documents including invitation letters, approval for travel, boarding passes, training programs and attendance registers for audit verification.	The Committee observed that— 1. Following the Audit, the management failed to avail the original documents for verification. Thus, the issue remained unaddressed. 2. Section 60(1) and section 135 of the Public Procurement and Asset Disposal Act 3. The Management also failed to comply with Regulation 104 (1) of the Public Finance Management (County	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 62 of the Public Audit Act CAP 412B and provides a status report to the Office of the Auditor General within sixty (60) days from the	

	and the procurement documents were not provided for audit review. Further, requisitions provided for audit review did not indicate clear instructions of dates of travel, number of persons travelling as well as the destinations. In addition, relevant supporting documents including invitation letters, approval for travel, boarding passes, training programs and attendance registers were not provided for audit verification.		Governments) Regulations	adoption of this report; 2. The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with Section 60(1) and section 135 of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services amounting to Kshs.14,200,000 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report; and 3. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to	
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					Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
3.	Unsupported Expenditure on Hospitality, Supplies and Services	Note 4 to the financial statements, reflects Kshs.146,159,529 for hospitality supplies and services. However, the amount includes payments totalling Kshs.8,335,849 whose supporting attendance lists were not matching with the local service orders (LSOs), and tender opening and evaluation minutes, work plans and activity budgets were not provided for audit verification.	The management claimed to have availed supporting attendance lists that are matching with the local service orders (LSOs), and tender opening and evaluation minutes, work plans and activity budgets for audit verification.	The Committee observed that— 1. The copies of the documents availed could have been ratified later after the queries were raised. 2. Section 68(1) of the Public Finance Management Act requires accounting officers to be accountable for ensuring that resources are used in an effective, efficient, economical and transparent matter.	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty	

				(60) days from the adoption of this report; 2. The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with Section 60(1) and section 135 of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services amounting to Kshs.8,335,849 and provide a status report to the Auditor General within sixty (60) days from the adoption of this report; and 3. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer
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					(s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
4.	Unexplained Variances on Other Grants and Transfers to Other Government Entities	The Office of the Auditor-General noted variances between the amounts reported in the County Executive's financial statements as transfers/grants and amounts reflected in the respective Funds' financial statements as transfers from County Government	The management claimed that the amount of Ksh 5,061,350 relates to expenditure incurred on ASDSP (Agricultural Sector Development Support Programme) and not transfers to Busia County Agricultural Development Fund (ADF) as stated by the auditor.	Variances between the amounts reported in the County Executive's financial statements as transfers/grants and amounts reflected in the respective Funds' financial statements as transfers from County Government	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor	

			The management further claimed that the amount of Ksh 8,000,000 was captured in the financial year 2023/2024 in the County Cooperative Enterprise Development Fund financial statements since they prepare their financial statements on accrual basis of accounting. The amount of Ksh 5,500,000 was transferred on 8th July 2024 and was captured in the county executive financial statements for financial year 2023/2024.		General within sixty (60) days from the adoption of this report; 2. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; 3. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable	
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		It was further stated that transfers to Busia County Education Support Scheme amounts to Ksh 125,000,000 and not Ksh 117,500,000 as highlighted by the auditor. The County Executive stated that it had provided the Busia County Education Support Scheme financial statement FY 2023/2024 for audit verification. The expenditure of Ksh 10,007,000 thus related to emergency relief and refugee assistance on other grants and transfers in the department of		reconciliations of the financial statements in the prescribed timelines.	
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		Finance and not a transfer to emergency fund. The transfer of Ksh 35,800,000 was made from the County Revenue Fund bank statement to Busia County Emergency Fund and reported independently in their financial statement FY 2023/2024			
Payments Charged to Other Grants and Transfers	The statement of receipts and payments and Note 6 to the financial statements reflect other grants and transfers amounting to Kshs.954,202,673. However, included in this amount are payments amounting to Kshs.30,971,078 made to suppliers/individuals but charged to other grants and transfers. This was contrary to Section	The management claimed that the payments were erroneously charged. It has claimed that it put up a mechanism to improve on it in order to avoid a repetition in the future.	The Committee observed that— 1. The Busia County Executive accepted that the payments were erroneously charged 2. Section 138(1)(c) of the Public Finance Management Act, Cap 412A states that “grant recipient” means the County Government or a County Government entity authorized to control or spend money under this Act	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance	Within sixty (60) days of the adoption of this report.

	138(1)(c) of the Public Finance Management Act, Cap 412A which states that “grant recipient” means the County Government or a County Government entity authorized to control or spend money under this Act or an incorporated or unincorporated body not otherwise authorized to control or spend money under this Act.		or an incorporated or unincorporated body not otherwise authorized to control or spend money under this Act.	Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; 3. the County Executive rectifies the misclassification of payments amounting to Kshs.30,971,078 by ensuring that all	
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					expenditures are accurately recorded under the appropriate accounts in compliance with Section 138(1)(c) of the Public Finance Management Act, Cap 412A; and 4. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the prescribed timelines.	
	Lack of Ownership Documents and Number Plates for Tractors	The County Government through the Department of Transport, Roads and Public Works vide Local Purchase Order number 2853 dated 29 January, 2024 and tender number	The management stated that it had provided provides the logbooks for audit verification. The two logbooks that had not been presented have	Physical verification conducted on 20 September, 2024 revealed that, the tractors did not have number plates and ownership documents	The Committee recommends that; 1. the County Executive Management urgently expedites its engagement	Within sixty (60) days of the adoption of this report.

	SDPW/SB/025/202-2024 purchased seven Mahindra tractors at total cost of Kshs.24,500,000 from a company. Physical verification conducted on 20 September, 2024 revealed that, the tractors did not have number plates and ownership documents were not provided for two tractors.	since been processed and hereby availed for audit verification. Further, the management stated that it has a fixed asset register and is in the process of updating it	were not provided for two tractors.	with the NTSA to process and secure the Log books for the seven (7) Mahindra tractors acquired at a cost of Kshs.24,500,000 by the Department of Transport, Roads and Public Works; 2. the County Executive should establish a systematic process to ensure that all future land acquisitions are accompanied by proper legal documentation at the time of purchase to avoid similar issues and uphold transparency and accountability in asset management;	
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					3. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; and 4. The County Executive should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on	
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					assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of the adoption of this Report.	
7.	Staff Salary Payment Outside Integrated Personnel and Payroll Database	The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis totalling Kshs.9,221,975,801 and Kshs.7,997,291,623 respectively, resulting in under-funding of Kshs.1,224,684,178 or 13% of the budget. Similarly, the County Executive spent	The management concurred with the findings of the Auditor-General. It further stated that it had officers in the 3rd and 4th quarter, and there was delayed processing of their IPPD numbers. Thus, the majority of the officers of Busia County Executive have now received their Payroll Numbers.	The Committee observed that— 1. The issue was not adequately addressed. 2. The actions of Busia County Executive were contrary to section 1.5.1 of the National Treasury Financial Accounting, Recording and Reporting Manual which provides that personnel emoluments of County Government staff should be paid through IPPD.	1. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties;	

		Kshs.7,692,246,047 against an approved budget of Kshs.9,221,975,801 resulting in under-expenditure of Kshs.1,529,729,754 or 17% of the budget.			2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report; 3. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a	
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					platform for management of county human resources; and 4. the Auditor General to monitor the matter in the subsequent audit cycle.	
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Emphasis of Matter

8.	Budgetary Control and Performance	The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis totalling Kshs.9,221,975,801 and Kshs.7,997,291,623 respectively, resulting in under-funding of Kshs.1,224,684,178 or 13% of the budget. Similarly, the County Executive spent Kshs.7,692,246,047 against an approved	The management concurred with the findings of the Auditor-General. The Management further averred that the underperformance on budget was brought about by several issues as follows— a) Underperformance in local revenue. b) Non remittance of conditional grants c) Delayed remittance of equitable share	Budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis totalling Kshs.9,221,975,801 and Kshs.7,997,291,623 respectively, resulting in under-funding of Kshs.1,224,684,178 or 13% of the budget.	The Committee recommends that: 1. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and	Within sixty (60) days of the adoption of this report.
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		budget of Kshs.9,221,975,801 resulting in under-expenditure of Kshs.1,529,729,754 or 17% of the budget.			2. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls.	
	Pending Accounts Payable	Note 17.1 to the financial statements on other important disclosures reflects pending accounts payable balance of Kshs.1,838,870,345 as at 30 June, 2024 some dating back to financial year 2018/2019. However, the Controller of Budget (CoB) budget review implementation report for 2023/2024 financial year reflects pending accounts payable balance of Kshs.1,420,592,427	The management stated that the amount of pending bills of Kshs. 1,420,592,427 was the outstanding balance of the pending as at the end of the year before the additions and verification of the pending bills accrued during the FY 2023/2024. The verification was done by an <i>ad hoc</i> committee for the pending bills after the	Disclosures reflects pending accounts payable balance of Kshs.1,838,870,345 as at 30 June, 2024 some dating back to financial year 2018/2019. The Controller of Budget (CoB) budget review implementation report for 2023/2024 financial year reflects pending accounts payable balance of Kshs.1,420,592,427 resulting in unexplained	The Committee recommends that: 1. that all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2025/2026; and 2. Resolves that- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management	Within 60 days of the adoption of the report.

	resulting in unexplained and unreconciled variance of Kshs.418,277,918. Further, records held by Kenya Power Company Limited and Local Authorities Provident Fund (LAPFUND) indicate that the County Executive owes the two entities Kshs.7,008,295 and Kshs.132,908,245, respectively. However, the balances have not been disclosed as pending bills in the County Executive's financial statements	closure of the financial year resulting to the increase of pending bills to amount of Kshs. 1,838,870,345. The Controller of Budget report was submitted after the end of the financial year before the verification of the pending bills was done . The management further stated that the amount owed to Local Authorities Provident Fund (LAPFUND) was included in the statutory deduction of Kshs. 351,880,864 in annex 2 of the analysis	and unreconciled variance of Kshs.418,277,918 Kenya Power Company Limited and Local Authorities Provident Fund (LAPFUND) indicate that the County Executive owes the two entities Kshs.7,008,295 and Kshs.132,908,245, respectively	(County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving	
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			of pending accounts payables. The under payment of pending bills was occasioned by insufficient funding		exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with	
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					the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
10.	Unresolved prior year matters	The Auditor-General stated that the management has not resolved the issues or given satisfactory explanation for failure to	The management stated that the issues raised by the auditors under the Report on Financial Statements, Report on Lawfulness	The Committee noted the need to follow up on the recommendations and implementation of the unresolved prior year matters.	The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by acting on the	within 60 days of the adopting this report.

	adhere to the provisions of the Public Sector Accounting Standards Board templates	and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance were fully captured in the financial statements on progress on follow up of auditor's recommendations and Management comments were provided for audit verification.		issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	
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REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1.	1.0 Project Implementation Status Report	Records provided for audit indicated that seven (7) departments had planned to implement four hundred and forty-two (442) projects at total contract sum of Kshs.1,582,225,471, during the year under	The management stated that it had made a request to department of public works to revise the Bill of Quantities since the works to be done were not	Seven (7) departments had planned to implement four hundred and forty-two (442) projects at total contract sum of Kshs.1,582,225,471, during the year under review, out of which only two hundred and sixty-one	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualizatio	
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	review, out of which only two hundred and sixty-one (261) projects were completed, one hundred and sixty-nine (169) were on going as at the time of audit in September 2024, thirteen (13) projects had not started while three (3) projects worth Kshs.25,829,592 for Mauko Child Protection Centre, Mortuary at Nambale Sub-county and maternity wing at Nasira dispensary had all stalled and the contractors were not on site.	commensurate with the available budget. The Management further stated that a re-advertisement of the said project is anticipated to be done after the approval of the Supplementary budget	(261) projects were completed, one hundred and sixty-nine (169) were on going as at the time of audit in September 2024, thirteen (13) projects had not started while three (3) projects worth Kshs.25,829,592 Mauko Child Protection Centre, Mortuary at Nambale Sub-county and maternity wing at Nasira dispensary had all stalled and the contractors were not on site	n, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the	
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					Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
2.	2. Delayed Implementation of Projects 2.1 Completion of Administration Block at Onyunyur Vocational Training Centre in Teso North Sub-County	The County Government awarded a tender to a local firm for construction of an administration block at Onyunyur Vocational Training College vide contract number BSA/CG/EVT/239/2020-2021 at a contract sum of Kshs.4,997,500 for a period of three (3) months (12 weeks) commencing 24 May, 2021. A request for extension of project completion date was done vide a letter	The management stated that the delay was occasioned in FY 2022-2023 when the project was not factored as a rollover, this delayed the request of the part payment requested on 23-2-2022 payment which was processed two years later on 28-3-2024. The management further stated that the contractor has since	The Committee observed that— 1. The matter has not been adequately addressed. 2. The Management has been able to justify the reasons for delay since FY 2020/21	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for	Within 60 days of the adoption of the report.

dated 10 December, 2021 and it was not granted until 10 February, 2022. Site verification of the project on 13 September, 2024 revealed that the project was incomplete.

The contractor had been paid Kshs.1,705,225 as per certificate number 01 of 1 February, 2022.

roofed the Administration Block and is working on the finishes.

- in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;
2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;
 3. The OAG to keep the matter

					in view and provide a status update to the Committee in the subsequent audit cycle.	
3.	2.2 Completion of the Construction of County Aggregation and Industrial Park	The County Government of Busia through the Department of Trade, Cooperatives, Investment and Industries awarded a tender for the construction of county aggregation and industrial park to a local firm vide tender number <i>BSA/CG/T11C/27/2022/2023</i> at a cost of Kshs.448,960,875. This project was to be co-funded by the County Government and the National Government through the Ministry of Trade and Industrialization equally.	The management stated that the contract commenced on 8th July 2023, after successful execution of works by the contractor, payment request by the contractor could not be honored on time due to delayed signing of intergovernmental agreement between National Government and County Government	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public	Within 60 days of the adoption of the report.

The contract period was 28 weeks, commencement date was 8 July, 2023 and the anticipated completion date was 27 February, 2024. Extension of the contract period was granted twice on 10 March, 2024 for 18 weeks and on 26 August, 2024 for 150 days. A site visit conducted on 13 September, 2024 revealed that, the project was 30% complete and it was affirmed by the clerks of works and the site engineer. Minutes of the site meeting held on 1 August, 2024 also indicate that the project was 30% complete.

- Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;
2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;
 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent

					audit cycle.	
4.	2.3 Completion of Musirira Box Culvert at Busiwabo Ward	The County Government entered into a contract with a local Company vide tender number <i>BSA/CG/PWRT/08/2023-2024</i> for the proposed construction and completion of Musirira Box Culvert at a contract sum of Kshs.3,980,702. The contractor had been paid a total sum of Kshs.3,541,982 as at 30 June, 2024. The project start date was 1 March, 2024 and the contract period was sixteen (16) weeks. The anticipated completion date was 1 July, 2024. However, physical verification conducted on 23 September, 2024 revealed that the project was incomplete as	The management stated that the contractor submitted a request for contract time extension on 31st may 2024 as attached. The Project Management team evaluated the reasons and recommended an extension vide letter ref; <i>BSA/CG/PWRT/08/2023 – 2024</i> dated 14th June 2024 of 18 weeks effective 1st July 2024 to 4th November 2024(revised completion date), as detailed in the attached documentation.	The Committee noted that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization , planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60	Within 60 days of the adoption of the report.

		backfilling of the culvert, gabion works and gravelling and site clearance of vegetation had not been done. In addition, the road leading to the box culvert was in bad condition. Further, no extension of the contract period has been sought by the contractor.			Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
15.	3. Stalled Projects 3.1 Construction of Maternity	The contract for proposed completion of maternity and placenta pit was awarded on 22 June, 2023 at a contract sum of Kshs.9,903,990 with	The Management stated that the contract for proposed completion of maternity and placenta pit was	The Committee noted that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project	Within 60 days of the adoption of the report.

and Placenta Pit at Apegei Dispensary	completion period of four (4) months to a local firm. During the period under review, the contractor was paid Kshs.2,932,865. However, physical inspection in the month of September, 2024 revealed that the existing dispensary was not functional and the maternity was built where there were no supporting amenities including water and road network. The works had not been completed, the contractor was not on site and there was no signage to indicate the period in which the project was undertaken and Management failed to carry out monitoring and evaluation of the project	awarded on 22 July, 2023 at a contract sum of Kes.9,903,990 with completion period of four (4) months to Walji Construction Limited. The Management further stated that the Contractor worked up to the lintel level and requested for a partial payment of Kes 2,932,865 which was certified by Public Works. The same was paid. Default notice was issued on 4/03/2024 after realizing the contract period had elapsed, however, the		management and monitoring System to help in proper project conceptualization , planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled projects	
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			contractor requested for extension.		and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
6.	3.2 Disaster Management Center at Samia Subcounty	The County Government awarded a contract for construction of disaster management center at Samia Subcounty at a contract sum of Kshs.9,780,348 to a local firm. The contract period was four (4) months, with commencement date being 3 May, 2024 and ending on 3 September, 2024. Physical inspection of the	The management stated that the project manager issued a default notice reminding the contractor to resume works within 14 days. In reply to the default notice, the contractor stated that he had stopped the works because there was a	The Committee noted that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization , planning, execution and timely	Within 60 days of the adoption of the report.

	works in the month of September, 2024 however, revealed that the contractor had abandoned the site. The construction of the center was incomplete, the building construction was only at the ground level with no walling structures. In addition, review of payment records revealed that Kshs.4,979,080 or 51% of the contract sum had been paid to the contractor.	challenge of getting water for the works and promised to resume works since water has been restored. The management further stated that the contractor is currently on site to complete the works.		completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of	
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					this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
17.	3.3 Disaster Management Center at Busia Town - Phase II	The County Government of Busia awarded a contract for construction of disaster management center at Busia County headquarters at a contract sum of Kshs.6,550,000, to a local firm. The contract period was for 12 (twelve) weeks, with commencement date being 18 April, 2021 and anticipated completion date of 19 June, 2021. Physical inspection of the works in the month of September, 2024 however, revealed that the	The management stated that the disaster management center phase II was a multi-year contract awarded to Majimbo Contractors Limited at a cost of kshs. 8,748,910. In the financial year 2020/2021 procuring entity raised an LSO totaling to kshs. 6,550,000 due to underbudgeted budget. The management further stated that the	The Committee noted that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for	Within 60 days of the adoption of the report.

	contractor had abandoned the site, while the construction of the center was incomplete. Further, review of payment records revealed that Kshs.5,552,970 or 85% of the contract sum had been paid to the contractor.	procuring entity subsequently raised another LSO in the financial year 2021/2022 for the outstanding balance of kshs.2,198,910 totaling to a contract sum of kshs. 8,748,910. The project was completed on 27th March 2023 as per the Practical Completion Certificate, handing Over Certificate and minutes and pictorials provided. The ground floor of the building hosts the offices for Directorate of Disaster management and Chief Officer Public		money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and	
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			works who jointly performs disaster related activities across the county. The management further averred that the signage was in place during the entire construction period but later got damaged and worn out as a result of prolonged rainfall leading to its unavailability during the audit period.		3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
18.	3.4 Trailer Park at Mundika	Review of records held at the County Executive revealed that a contract agreement dated 7 June, 2021 was signed between the County Government of Busia and a local firm at a contract sum of Kshs.6,890,400, for construction of a trailer	The management stated that after successful execution of works, the contractor requested for part payment. The project management team valued the executed	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project	Within 60 days of the adoption of the report.

	park at Mundika, Bukhayo West ward, Phase 1. The contract period was to take four months from the date of handing over of the site, which was 16 July, 2021. The project completion date was expected to be 21 October, 2021. A total of Kshs.3,593,040, representing 52% of the contract sum had been paid as at the time of audit in October, 2024 Physical verification of the project in October, 2024 revealed that the contractor had abandoned the site and no works were ongoing.	works and certified Kshs 3,593,040. Thereafter, there was a delay in payment of the certified amount due to disbursement challenges. The contractor deserted the site due to lack of funds. Upon payment of the certified amount, the balance to complete the project was not captured in the subsequent budgets.		conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise	
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					completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
19.	4. Unexplained Construction of Designated Parking Areas	The County Government of Busia through its county itemized development budget for	The management that documentation relating to the works	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive	

at Busia Municipality	financial year 2022/2023 through the Department of Lands, Housing and Urban Development, under the programme on urban management and development budgeted for Kshs.100,000,000 for construction of designated parking areas within Busia Municipality. Information available indicates that the main works was to involve the laying of cabros. Physical verification in October, 2024, revealed that works of similar nature were ongoing in Busia Agricultural Training College (ATC) frontage. However, supporting documents including procurement and payment records for the works that	for the construction of designated parking areas at Busia Municipality (Agricultural Training College frontage) has been availed for audit verification.		establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within	
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were being done were not provided for audit verification. Further, no supporting documents were provided for audit review in respect to the proposed construction of designated parking areas.

- 60 Days from the date of adoption of this report;
2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and
 3. The OAG to keep the matter in view and provide a status update to the Committee in

					the subsequent audit cycle.	
0.	5. Incomplete Renovation of Busia Stadium	Review of procurement documents from the Department of Sports, Culture and Social Services for the period ending 30 June, 2024 revealed that a local firm was contracted on 19 July, 2023 for the renovation of Busia stadium at a contract sum of Kshs.4,989,800, vide tender No. BSA/CG/SCSS/20/2022/2023. The works involved repair of the perimeter wall, gates and replanting of football court irrigation system. As per the site handing over minutes of 10	The Management stated that it has identified and provided the following documents that are needed to shed more light and clarify the above observations. In addition, payment had not been made on the subject Project and hence no Payment details could have been provided for the same.	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management	

August, 2023, the commencement date of the project was 14 August, 2023, the contract duration was eight (8) weeks and anticipated completion date was 16 October, 2023.

Further, the site handing over minutes were not signed by the public works officer on site.

A valuation report dated 12 June, 2024 indicates that the value of works done was Kshs.2,043,150, but no payment details were provided for audit verification.

Physical verification of the project in October, 2024 revealed that the project was incomplete, the

Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;
2. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;

		perimeter wall had collapsed, and no gates repair and replanting of football court irrigation system had been done.			and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
1.	6. Unexplained Re-organization of Busia Town	During the financial year 2022/2023 an amount of Kshs.40,000,000 was reallocated to the Department of Lands and Housing under the Urban Development Vote in the September 2022 supplementary budget. Records available indicates that the reallocation was meant for re-organization of Busia Town, including removal of displayed goods and chattels along the road and establishment of modern	The management states that in the financial year 2022/2023, there was no budget for beautification of Busia town. According to the attached supplementary budget of FY 2022/2023, ksh 40,000,000 million was for the renovation of non-residential buildings that is; proposed renovation	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status	

	stall among other strategies. However, the procurement and expenditure documents on how this budget was expended were not provided for audit review.	of Busia County Referral Hospital senior staff quarters, proposed renovation of Malaba Townhall and proposed renovation of Governor's lounge		report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive establishes a project management and monitoring System to help in proper project conceptualization , planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County	
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					Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 3. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 4. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
2.	7. Abandoned Project	Information available indicates that the County Government contracted a	The Management states that it had to indulge in a lot of	The Committee observed that the issue was not adequately addressed.	The Committee recommends that; 1. The County	Within 60 days of the

	local firm for construction and equipping of a modern filleting room at Bunyala Fishermen Cooperative Society. Physical inspection of the facility in October, 2024 revealed that the facility had been abandoned, was not in use and was in a dilapidated condition. Further, no supporting documents were provided for audit review in respect to this project.	consultation over the completion of construction and equipping of a modern filleting room at Bunyala Fishermen Cooperative Society. The management further states that this was due to the creation of the dam in Lake Victoria in Uganda (Jinja) which significantly altered the natural flow of water, leading to a range of effects including: increased water storage capacity, flood control, altered sediment deposition patterns, and potential impacts on shoreline communities. In this		Executive establishes a project management and monitoring System to help in proper project conceptualization , planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor	adoption of the report.
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			case the large volume of water suddenly released from the reservoir resulted in properties being flooded and the modern filleting room was one of the buildings that was significantly affected causing the project to stall.		to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
3.	8. Excess Budgetary Allocation to the County Assembly	Review of the County final approved supplementary budget revealed that during the year under review Kshs.981,057,352 was allocated to the County Assembly of Busia.	The management stated that it agreed with the findings of the Auditor-General. However, the management wishes to state that the allocation is based on the provision of County allocation of	The Committee observed that— 1. the issue was not adequately addressed. 2. The actions of the management was contrary to regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015	The committee observed that the management adhered to the County Allocation Revenue Act which set ceilings for the County Assembly.	

		The allocation to the County Assembly was equivalent to 9.6% of the total County revenue budget for the year amounting to Kshs.10,203,033,156 which was Kshs.9,221,975,801 and Kshs.981,057,352 for the Executive and Assembly respectively contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government.	revenue Act (CARA), 2023 which had provided County Assembly of Busia ceilings at Ksh. 890,557,352 as a recurrent budget ceiling. In addition to this the County Assembly was allocated kshs 90,500,000 development to enable the county assembly undertake sensitive infrastructural development projects	which provides that the approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government.		
24.	9. Irregular Outstanding	Note 11 to the financial statements reflects outstanding imprests and	The management stated that as at the end of the financial	The Committee observed that— 1. the issue was not adequately addressed.	The Committee recommends that; 1. the Accounting Officer recovers	Within 60 days of the

Imprest and Advances	advances balance of Kshs.1,343,500. Review of the imprest register revealed that imprests were issued as from February 2024, but had not been surrendered as at 30 June, 2024.	year, the imprests had not been surrendered. This was because of the nature of activities for which the imprests were taken had not been completed. The management stated that the imprests have since been surrendered and it claimed to have provided the surrender documents for audit verification.	2. Regulation 93(5) of the Public Finance Management (County Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station	the outstanding imprests of Kshs.1,343,500 with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation; and 2. The Committee further recommends the sanction and surcharge of the Accounting Officer if he fails to recover outstanding imprests of Kshs.16,525,845 in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.	adoption of the report.
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25.	10. Unfavourable Contract Agreement Terms	The County Government awarded a tender to a company for supply, delivery, installation, customization and commissioning of an Integrated Revenue Collection and Management System and a Hospital Information Management System at a contract sum of Kshs.59,885,232. However, included in the contract agreement and terms of reference are the following clauses which are detrimental to the County Government of Busia: i) Clause 32.1 (b) states that, unless otherwise specified in the special conditions of	The Management stated that it is currently in active negotiations with Web Tribe Limited to revise and improve the terms of the contract. It stated that its aim was to align the agreement with both the county's operational requirements and the financial sustainability of the project, while ensuring compliance with the Public Procurement and Asset Disposal Act, 2015. The management stated that it was confident that with these revised terms,	The Committee observed that the issue was not adequately addressed.	The Committee recommends that the County Government of Busia should renegotiate the contract to remove unfair clauses, including visa facilitation obligations, high delayed payment penalties, mandatory contractor branding, and the excessive 6% transaction fee. Further, the County Executive management should strengthen its contract review mechanisms to ensure future agreements prioritize value for money, protect public interest, and comply with procurement laws and the Legal and procurement experts should be involved in scrutinizing such	Within 60 days of the adoption of this report.
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	contract, the procuring entity shall use its best efforts to assist the consultant with promptly obtaining, for the experts and, if appropriate, their eligible dependents, all necessary entry and exit visas, residence permits, exchange permits and any other documents required for their stay in Kenya while carrying out the services under the contract. ii) Clause 41.1 states that, if the procuring entity had delayed payments beyond thirty (30) days after the due date stated in clause GCC 41.2.2, interest shall be paid to the consultant on any amount due by, not paid on, such due date for each day of	the contract will better serve the interests of Busia County residents and improve the efficiency of the revenue collection and hospital management systems. The county executive anticipates concluding the negotiations within the coming months and will provide updates accordingly		contracts before signing to prevent similar lopsided terms and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
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delay at the annual rate stated in the special conditions of contract.

iii) Clause 46.1 states that, the procuring entity shall display marks and logos provided by consultant on its marketing publications and materials related to revenue collection and e-payments. The procuring entity may mention the words 'Payments provided by JamboPay' in its marketing campaigns and materials. The procuring entity shall market the revenue collection service/system to its consumers/citizens.

iv) Further, Part C of the preamble indicates payment to the contractor

		of 6% of all funds collected as transaction fees which seems to be on the higher side.				
6.	11. Failure to Install Hospital Management System at Subcounty Hospitals	The County Government awarded a tender to a company for supply, delivery, installation, customization and commissioning of an Integrated Revenue Collection and Management System and a Hospital Information Management System at a contract sum of Kshs.59,885,232. However, verification of the implementation of the contract agreement revealed that the hospital information management system was only installed at Busia County Referral Hospital and not at other	The management stated that in response to the shortfall, it is undertaking a series of corrective measures to ensure the successful rollout of the HIMS across all sub-county health facilities.	The Committee observed that the issue was not adequately addressed.	The Committee recommends that the County Government of Busia should demand full contract compliance from the contractor, requiring the installation of the Hospital Information Management System (HIMS) in all designated Sub-County hospitals as originally stipulated, and withhold any outstanding payments until this obligation is fulfilled and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	The County Executive to submit a progress report on this matter within 60 days of the adoption of this report.

		Sub-County hospitals within the County.				
27.	12. Irregular Procurement of Consultancy Services for Busia County Referral Hospital	During the year under review, a contract was awarded to a consultancy company at a contract sum of Kshs.4,980,550 for provision of consultancy services for feasibility study for the Busia County Referral Hospital to be a fully-fledged Level V hospital. However, review of the procurement file revealed that there was no evidence that preliminary financial and technical evaluation of the tenders was undertaken and that regrets letters to the unsuccessful tenderers were sent.	The management confirmed that BCRH is currently not fully pledge level V hospital (refer to KMPDU criteria for level V hospitals) and the same informed the department's decision to procure feasibility study- consultancy services geared at upgrading the hospital to fully fledged level 5 hospital.	The Committee observed that the issue was not adequately addressed.	The Committee recommends that the EACC conducts a thorough investigation into the irregular procurement for feasibility study for the Busia County Referral Hospital to be a fully-fledged Level V hospital totaling Kshs.4,980,550 with a focus on the lack of documented preliminary financial and technical evaluations of the tenders, failure to issue regret letters to unsuccessful bidders and the questionable timing of the study three years after the hospital's upgrade and provide a status report to the Office of the Auditor General	Within 60 days of the adoption of this report.

		Further, review of annual development plan for the financial year 2023/2024 Paragraph 9.1 on performance overview for 2021/2022 reveals that the hospital was upgraded to Level 5 through Gazette Notice of 17 December, 2021. It was not clear why feasibility study was carried out three (3) years later after the hospital was upgraded. In addition, terms of reference, expected milestones, performance benchmarks to be realized and performance reports on what was done were not provided for audit review.			within sixty (60) days from the adoption of this report.	
8.	13. Irregular Procurement of Consultancy Services on ICU Unit at	During the year ended 30 June, 2024, the Busia County Executive entered into an agreement with a company for provision of	The Management stated that it had attached the terms of reference which was contained in the file	The Committee observed that the issue was not adequately addressed.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to	Within 60 days of the adoption of this report.

	Busia County Referral Hospital	consultancy services on installation, commissioning, testing, and training on operationalization of ICU unit at Busia County Referral Hospital at a contract sum of Kshs.4,955,000. However, terms of reference, expected milestones, performance benchmarks to be realized and performance reports on what was done were not provided for audit review.	for Olro Company Ltd and final the report.		provide documents to the auditors at the time of audit in accordance with section 62 of the Public Audit Act CAP 412B and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
29.	14. Purchase of a Refrigerated Truck	Information available indicates that the County Government of Busia awarded a contract to a local company vide tender number BSA/CG/197/2013/2014 and Local Purchase Order 0670 dated 26 August,	The Management stated that during the time of site visit by the Auditor, the vehicle had gone for major service and normal repair to the garage. Once the service is done the vehicle will	The Committee observed that the issue was not adequately addressed	The Committee recommends that; 1. The EACC conducts an investigation into the procurement and management of the refrigerated truck to determine why proper	Within 60 days of the adoption of this report

	2014 at a contract sum of Kshs.5,800,000 for the supply of a refrigerated truck. Documentary evidence on the method of procurement used and the requisition by the user department were not provided for audit verification. The vendor sued the County Government of Busia for delayed payment vide civil suit number 289 of 2017. The County Government was ordered by the court to pay the principal amount of Kshs.5,809,460, interest that had accrued over the years of Kshs.3,601,865, and costs of the suit of	be available for inspection. The log book was availed for audit review which belongs to the seller. The county log book delayed because of the court case that was in the chief magistrate's court at Busia Law Courts civil case no. 289 of 2017.		procurement procedures were not followed, why the vehicle was never utilized or transferred to the County and why it deteriorated into disrepair despite the significant expenditure of Kshs. 9,738,000; 2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act	
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Kshs.341,980, all totalling Kshs.9,753,305.

The County Government of Busia has to date paid the company a total of Kshs.9,738,000 in two instalments of Kshs.4,500,000 vide payment voucher 53734 dated 22 December, 2023 and Kshs.5,238,000 vide payment voucher 54832 dated 20 February, 2024.

Physical verification in September, 2024 revealed that the vehicle was parked at the County Commissioner's Offices in Busia Town, was not in use and was in a dilapidated condition.

CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct;

3. The County should immediately take possession of the vehicle, assess its current condition for potential refurbishment or disposal, and implement stricter asset management protocols—including mandatory registration, regular maintenance checks, and utilization tracking—to

		Further, the truck bears a private registration number and has not been transferred to the County Government of Busia. In addition, no evidence was provided for audit review on whether the truck had ever been used by the County Government.			prevent similar wastage of public resources in the future and provide a status update to the Auditor General within 60 days of the adoption of this report.	
0.	15. Irregular Award of Tenders to Private Law Firms	The Office of the County Attorney engaged the services of private law firms during the year under review costing Kshs.8,546,00. However, supporting documents including requisitions by the user department to the County Executive Committee, approvals of the requisition by the County Executive Committee, tender	The Management cited section 16 of the County Attorney Act which requires written approval of the County Executive Committee. Section 16 of the County Attorney Act, 2020 prohibits “a department or public entity” established within a county executive from	The Committee observed that the issue was not adequately addressed	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 62 of the	Within 60 days of the adoption of this report

invitation advertisements, notification of award of tenders, acceptance of award letters and tender evaluation committee reports were not provided for audit verification. This was contrary to Section 119(3) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer of a procuring entity shall advertise the notice inviting expressions of interest in the dedicated government's advertising tenders' portal and in its own website, or in at least one daily newspaper of nation-wide circulation.

Further, justification for use of private law firms and not the services of the County Attorney was not provided

engaging the services of a consultant "to render any legal services relating to the functions of the County Attorney."

The purpose of this section is to protect the "Office" of the County Attorney from having its functions "usurped or encroached upon" by departments or other public entities established within the county executive such as the County Public Service Board or Boards of Municipalities by directly engaging private consultants "to render any legal services relating to the

Public Audit Act CAP 412B and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;

2. the EACC investigates the irregular engagement of private law firms at a cost of Kshs. 8,546,000 with particular focus on the lack of procurement documentation (including tender advertisements, evaluation reports, and award notifications) and the failure to justify why these

	contrary to Section 16 of the County Attorney Act, 2020 which states that a department or public entity established within a county executive shall not engage the services of a consultant to render any legal services relating to the functions of the County Attorney without the approval of the County Executive Committee.	functions of the County Attorney.” It is such direct engagement of private consultants by departments or entities such as the County Public Service Board or Board of Municipalities “to render any legal services relating to the functions of the County Attorney” that would require the approval of the County Executive Committee. This section is a replica of section 17 of the Office of the Attorney General Act which prohibits Ministries and		services were outsourced instead of utilizing the County Attorney's office as mandated by law; and 3. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional	
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			Departments in the National Executive from directly engaging consultants to undertake functions relating to the functions of the Attorney General without approval as follows;-“17. Engagement of consultant (1) No Ministry or Department shall engage the services of a consultant to render any legal services relating to the functions of the Attorney-General without the approval of the Attorney-General.” During the year under review, several		duties which constitutes a professional misconduct.	
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			departments and entities of the county executive were sued			
I.	16. Failure to Prepare and Submit Financial Statements of Municipalities and Hospitals for Audit	During the year under review, the County Government did not prepare and submit to the Auditor-General, financial statements for two (2) Municipalities, two (2) County referral hospitals and five (5) Sub- County hospitals.	The Management stated that hospitals have not been preparing financial statements because they were not independent entities and therefore, could not be audited independently but under the department of Health and Sanitation and Busia County Health Services Fund as guided by the Busia County Health Services Fund Act 2015 and Amended Act 2021. However, with the new Busia County Health Facilities Financing	The Committee observed that— 1. The issue was not adequately addressed; 2. The actions of the management were contrary to section 164 (1) and (4)(a) of the Public Finance Management Act, 2012 which provides that at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board and within three months after the end of each financial year, the accounting officer for an entity shall submit the entity's financial	The Committee recommends that the Busia County Executive in conjunction with the Leadership of Hospitals and Municipalities immediately prepares and submits the Hospitals' financial statements to the Office of the Auditor-General and in the format as prescribed by the Public Sector Accounting Standards Board as required by the Public Audit Act, 2015 within 30 days of adoption of this report and institute mitigating measures to prevent delays in the Financial Year 2024/2025.	Within 60 days of the adoption of the report

			Act 2024, hospitals have now been recognized as entities and shall prepare and submit their Financial Statements as separate entities	statements to the Auditor-General		
32.	17. Lack of Updated Fixed Assets Register	Annex 6 to the financial statements on summary of non-current assets register reflects a balance of Kshs.10,848,227,766 being the historical value of non-current assets of the County Government as at 30 June, 2024. However, the County Executive lacked a fixed asset register prepared in the format prescribed with minimum requirements of identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated	The Management stated that it has an asset register. However, it is not detailed since it excludes assets inherited from former local authorities whose cost, date of acquisition and supplier details could not be established. The Management further stated that it has developed an Asset Management Policy and approved for the provision of budgetary allocation	The Committee observed that— 1. The issue was not adequately addressed; 2. The actions of the management were contrary to regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.	The Committee recommends that the; 1. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and	Within 60 days of the adoption of the report

		depreciation, net book value and identification codes with which assets were tagged	for valuation and coding of all County Assets.		implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
3.	18. Compensation of Employees 18.1 Failure to Observe Ethnic	Review of records maintained by Management revealed that the County Executive had three thousand seven hundred and seventy-six (3,776) employees as at 30	The Management stated that considering the combined population of the Luhya sub tribes in the five sub-counties of Busia (Nambale,	The Committee observed that— 1. The issue was not adequately addressed. 2. the National Cohesion and Integration Act, 2008 states that all	1. The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County	Within 60 days of the adoption of the report

	Diversity in Recruitment	June, 2024. However, it was noted that 3,322 members of staff or 88% are from one dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.	Butula, Matayos, Samia and Bunyala) in relation to the total population in the County, it will seem discriminatory to cap/restrict their employment to a third (1/3) of the total population, since all the employment slots are equally distributed among the seven (7) sub counties and their wards on equitable basis. Management is also committed to comply with the recommendations of the National Cohesion & Integration Commission on the matter, albeit progressively	public offices shall seek to represent the diversity of the people of Kenya as a country for the whole nation and not diversity of sub tribes in the sub-counties or county but for the whole nation. 3. The actions of the management were contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.	Government Act on ethnic inclusivity; and 2. The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.	
34.	18.2 High Wage Bill Above	The statement of receipts and payments reflects	The management stated that the	The Committee observed that—	The Committee recommends that-	Within 60 days of the

Allowed Threshold	revenue totalling Kshs.7,813,249,712 and compensation of employees' payments totalling Kshs.3,085,605,917. The compensation of employees' costs constituted thirty-nine (39%) of the total receipts of the County Executive for the year under review contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations 2015 which provides that the employees costs should not exceed 35% of the County Executive total revenue.	underfunding of Kshs. 1,224,684,178 was due to the late disbursement and under collection of own source revenue distorted the percentage of wage bill calculation resulting to increase in wage bill to 39%. However, had the amount been disbursed in time and the collection at 100% the wage bill percentage would have been 33% as computed. The actual revenue realized during the year was Kshs. 7,997,291,623 out of the budgeted amount of Kshs. 9,221,975,801.	1. The issue was not adequately addressed. 2. The actions of the management were contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations 2015 which provides that the employees costs should not exceed 35% of the County Executive total revenue	1. the management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 percent of the county's total revenue; 2. the county executive puts in place measures to enhance own source revenue collection to address the high wage bill gap; and the management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.	adoption of the report
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35.	18.3 Non-Adherence to the One-third Basic Salary Rule	Review of the Integrated Payroll and Personnel Database (IPPD) for the year under review revealed that 1,032 (one thousand and thirty-two) employees had net pay that was less than one-third of their respective basic salaries, contrary to the requirements of Section 19(3) of the Employment Act, 2007 which provides that the total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.	The Management concurred with the observations of the Auditor-General. The management further stated that the issue arose following the enactment of the Finance Act 2024 after the increase of tax deductions. Many staff members had pre-existing financial commitments (loans, insurance, etc.), leading to net salary shortfalls.	The Committee observed that— 1. The issue was not adequately addressed. 2. The actions were contrary to the requirements of Section 19(3) of the Employment Act, 2007 which provides that the total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.	The Committee therefore recommends that - 1. The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue of non-compliance with the one third of basic salary rule as well as comply with the requirements of Section 19 (3) of the Employment Act 2007. 2. The county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and 3. The Auditor General should continue monitoring the issue	Within 60 days of the adoption of this report.
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					in subsequent financial years	
6.	18.4 Irregular Engagement of Staff Above Mandatory Retirement Age	Analysis of IPPD Payroll for the year ended 30 June, 2024 revealed that the County Executive of Busia irregularly engaged five (5) staff despite them having attained the mandatory retirement age of sixty years contrary to Clause D.12 of the Human Resources Policies and Procedures Manual for the Public Service, 2016 which states that all officers shall retire from the Service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities and/or as may be prescribed by the Government from time to time	The management stated that these people are political appointees and are politically aligned to the governor with rare skills to come and assist on advisory and other matters.	The Committee observed that— 1. The issue was not adequately addressed. 2. The actions of the management were contrary to Clause D.12 of the Human Resources Policies and Procedures Manual for the Public Service, 2016 which states that all officers shall retire from the Service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities and/or as may be prescribed by the Government from time to time	The Committee recommends that the County Executive strictly adheres to section 80(1) of the Public Service Commission Act, 2017, and Section D.21 of the Public Service Commission Human Resource Policies and Procedure Manual, 2016 by ensuring that all officers retire at the mandatory age of 60 years (65 for persons with disabilities) and prohibiting extensions beyond this age unless under exceptional government-prescribed circumstances and provide a status update to the Office of the Auditor General within sixty (60) days.	Within 60 days of the adoption of this report.

37.	18.5 Irregular Appointment of County Attorney	Review of the appointment letter of the County Attorney dated 18 November, 2022 revealed that, the County Attorney was appointed on a two-year renewable contract contrary to Section 6(1) of the Office of the County Attorney Act, 2020 which states that the term of office of the County Attorney shall be six years.	The Management stated that the County Attorney was nominated by H.E the Governor in October, 2022 and appointed in December, 2022 in the FY 2022/2023. The County Attorney was forwarded to the County Assembly for vetting and approval hearing vide a letter dated 17th October, 2022. On Tuesday 25th October, 2022, the Speaker read a message to the County Assembly informing that he had received names of eleven (11) nominee (Ten CECMs and County Attorney) and committed the	The Committee observed that— 1. The issue was not adequately addressed. 2. That the actions of the management were contrary to section 6(1) of the Office of the County Attorney Act, 2020 which states that the term of office of the County Attorney shall be six years	The Committee recommends that the County Government of Busia should rectify the irregular appointment of the County Attorney by aligning the contract terms with Section 6(1) of the Office of the County Attorney Act, 2020, which mandates a six-year term by revoking and replacing with a legally compliant appointment to ensure adherence to statutory requirements and safeguard the independence and continuity of the office and provide a status update to the Auditor General within 60 days of the adoption of this report.	Within 60 days of the adoption of the report
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		nominees to the County Assembly's Committee on Appointments. In the Daily (Saturday) Nation newspaper dated 29th October, 2022, the Clerk of the County Assembly placed an advertisement inviting all the eleven (11) nominees including the County Attorney as well as the members of the public to approval hearings. The Committee conducted the approval hearings between Monday 7th and Wednesday 9th November, 2022 in public and full glare of			
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		cameras. The nominee for the position of the County Attorney arrived before the Committee for approval hearing on Wednesday 9th November, 2022 at 12.15pm after which the Committee generously awarded the nominee an average score of 90.7%, found him suitable for appointment to serve as the County Attorney and unanimously recommended his approval for appointment by the County Assembly. At the 9th Sitting of the First Session of the Third County			
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			Assembly on 17th November, 2022, the County Assembly unanimously voted to approve the nomination for the appointment of the County Attorney and H.E the Governor, through the County Secretary and by letter dated 18th November, 2022 made an offer to the duly approved nominee for appointment as the County Attorney. The said offer was accepted on 5th December, 2022. As regards the issue of the tenure of the County Attorney, in his letter of		
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The said offer was accepted on 5th December, 2022.

As regards the issue of the tenure of the County Attorney, in his letter of

			acceptance of the offer for appointment dated 5th December, 2022, the County Attorney accepted his appointment on the following terms; “I hereby write to accept my appointment as the Busia County Attorney subject to the provision of section 6 of the Act which provides that the County Attorney shall hold office for a term of six years.			
38.	19. Voided Transactions	During the year under review, payments totalling Kshs.2,155,388,788 relating to development and recurrent expenditure were voided as at 30 June, 2024. The highest voided	The Management stated that at the end of every financial year it is a requirement that all unpaid items are voided from the system before	The Committee observed that the issue was not adequately addressed	The Committee recommends that; 1. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the	Within 60 days of the adoption of this report.

	transactions were in the month of June, 2024 amounting Kshs.772,602,862 or 36%. No explanation was provided on why the payments were voided after being approved by the Controller of Budget.	commencement of a new financial year.		approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report; 2. The Office of the County Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds; 3. Within six months of adoption of this report the CS National Treasury to ensure IFMIS reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to	
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					other activities not initially approved; and 4. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.	
39.	20. Unexplained Development and Implementation of Climate Change Policies	During the year under review, the County Government of Busia through the Department of Water, Irrigation, Energy, Natural Resources and Climate Change entered into a contract with a consultancy firm at a contract sum of Kshs.4,000,000 for the development of County Climate Change Finance Policy. Further, the County Government entered into a contract with another consultant for	The Management stated that Gesterd Professional Services Limited has developed a policy and is complete but it's yet to be tabled to the cabinet. Gesterd Professional Services Limited has not been paid. Brimark Training Consultancy Limited developed a finance policy for Climate Change. The policy is complete and has been	The Committee observed that the issue was not adequately addressed	The Committee recommends that; 1. the County Government of Busia should immediately demand climate change policies from the two consultants for formal adoption. Further, the County Executive should establish clear policy development guidelines requiring needs	Within 60 days of the adoption of this report.

	provision of consultancy services on development of Busia County Climate Change Policy at a contract sum of Kshs.5,985,500. However, as at the time of audit in October 2024, there was no evidence that the policies had been approved and adopted for use. Further, there is no justification for incurring costs totalling Kshs.9,985,500 on development of two (2) separate policies on climate change.	submitted to the cabinet for approval before it is forwarded to the County Assembly for enactment. Copy of the two policies is hereby attached for audit verification.		assessments, cost-benefit analysis, and stakeholder consultations before commissioning such work and submit a status update to the Office of the Auditor General and the Senate within sixty (60) days from the adoption of this report; and 2. The County Assembly should expedite review and adoption of the completed Climate Change policies to ensure timely climate action, while the executive implements stronger	
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					mechanisms to prevent duplication of efforts and wasteful expenditure on overlapping policy initiatives.	
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REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

40.	1. Operating Without an Approved Staff Establishment	Review of the June 2024 payroll revealed that during the year under review, the County Government paid 3,814 and 118 employees through the Integrated Payroll and Personnel Database (IPPD) and manual payrolls respectively, totalling 3,932 employees. However, audit verification carried out revealed that the County Executive of Busia did not have an approved staff	The Management stated that Busia County Public Service Board currently uses two key documents as major reference documents guiding staff related matters including the recruitment process and assessment of the County staffing needs. These are the Transition Authority Report on Functions, Organization	The Committee observed that the issue was not adequately addressed.	The Committee recommends that the County Executive should expedite development and approval of its staff establishment and a status report be submitted to the Auditor General for verification within sixty (60) days from the adoption of this report.	Within 60 days of adoption of this report
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		establishment during the year, and therefore the optimal staffing levels for all cadres of staff had not been established.	Structure and Staffing and the Work Analysis Document. The Board, aware of the need for a comprehensive staff establishment document, is currently reviewing the Transition Authority Report on Functions, Organization Structure and Staffing with a view to developing comprehensive staff establishment. Phase I of this process, which involved desk review of existing structures and engagement with all Departments to gather key information is complete.			
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			The Board proposes to move to the next stage of consolidating the information, conducting key informative interviews with key stakeholders, County leadership and engaging with other experts on the matter. The Management remains committed to the process of developing a staff establishment for the County.			
41.	2. Lack of WIBA Insurance Policy for Employees	During the year under review, the County Government of Busia did not procure Work Injuries Benefit Act Insurance (WIBA) Policy for its employees contrary to Section 7(1) of the Work	The Management stated that a cabinet memo was done of the same Issue and requested for a provision to be included in the next	The Committee observed that— 1. The issue was not adequately addressed. 2. The actions of the management were contrary to section 7(1) of the Work Injuries Benefit Act, 2007 which states that every	The Committee recommends that the Busia County Executive implement section 7 of the Work Injury Benefits Act, Cap 236 and a status report be submitted to the Auditor	

		Injuries Benefit Act, 2007 which states that every employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees.	Supplementary budget. The Management further stated that action has been taken and it's now factored under the compensation of employees in the 1st supplementary budget FY 2024/2025.	employer shall obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees.	General for verification within sixty (60) days from the adoption of this report..	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR
GENERAL ON AUDITED FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE ELGEYO MARAKWET
FOR THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

Audit Query	Concern	Management Response	Committee Observation	Committee Recommendations	Timeline
1. Variances Between Financial Statements and IFMIS Records	Financial statement balances differed with IFMIS records.	-The variances resulted from Journals in IFMIS which did not complete the process due to system errors. -The County Treasury is making a follow up with the National Treasury to offer	Regulation 22(1) c of the Public Financial Management Regulations (County Government) 2015 provides that an accounting Officer shall be accountable to the County Assembly for measures taken to prepare the financial reports that reflect a true	Management to fast track reconciliation of variances with the National Treasury on timely basis within sixty days from the date of adoption of this report	Sixty days from the date of adoption of this report

		technical assistance in correction of errors in IFMIS.	and fair financial position of the entity		
2.Unsupported Health Facilities Operational Bank Balances	Reconciliation statements, certificates of bank balances and board of survey reports for 129 health facilities operational bank accounts health facilities were not provided.	The bank statements, bank reconciliation statements, cashbooks, board of survey at the health facilities as at 30 June 2024 have been availed to auditors for review. Sampled copies are attached.	Regulation 90. (1) of the Public Finance Management (County Governments) Regulations, 2015 states that accounting Officers shall ensure bank account reconciliations are completed for each bank account held by that accounting Officer, every month and submit a bank reconciliation statement not later than the 10 th of the subsequent months	Management should ensure timely preparation of bank reconciliation as prescribed by Regulation 90. (1) of the Public Finance Management (County Governments) Regulations, 2015	Sixty days from the date of this report.

			to the County Treasury with a copy to the Auditor-General.		
3.Unsupported Pending Bills	-Pending bills increase from Kshs.18,647,689 to Kshs.103,636,606 translating 456% increase. -Pending bills amounting to Kshs.60,188,747 were not adequately supported. -Pending bills amounting to Kshs.2,119,722 had remained outstanding for more than twelve (12) months at the time of audit .	-The County has prepared a debt repayment plan for the settlement of all outstanding bills -Long outstanding pending bills of Kshs.643,000 out of Kshs.2,119,722 has been paid to date. -The County is committed to clear all pending bills before the end of the	Verified pending bills repayment plan provided. Documents in support of pending bills amounting to Kshs.60,188,747 has not been provided. However, the long outstanding pending bills has not been cleared.	• That all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and • Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments	Sixty Days (60) from the date of adoption of this report

		financial year 2024/2025.		prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; • The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; • County Governments	
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				shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; • Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; • County governments, in consultation with the	
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				Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
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1.Budgetary Control and Performance	-Under funding of Kshs.1,298,269,439 or 22%. -Under-expenditure of Kshs.1,171,362,485 or 20%	The under-performance in receipts is attributed to funds not received by the County Government during the year. The County Government is making up a follow up with the National Treasury on the equitable share and donor funds not received during the year.	Section 104 (1) (i) of the Public Finance Management Act 2012 requires the County Treasury to ensure proper management and control of the finances of the county government and its entities in order to promote efficient and effective use of the county's budgetary resources.	Management should ensure it has in place realistic budget estimates that can be supported with adequate documentation	Immediately
1.Unresolved Prior Year Audit Matters	Prior year auditor's recommendations revealed that several issues were raised by the Auditor General, which remained unresolved as at 30 June, 2024.	The County Government will follow up with the auditor and the County Assembly Public Accounts committee to	Section 149(2)(I) of the PFM Act, 2012 which require Accounting Officers designated for County Government entities to resolve any issues	The Audit committee of the County should address all the issues on a timely basis as they await parliamentary	Immediately

		ensure that all the pending issues are resolved on time.	resulting from an audit that remain outstanding	recommendations.	
1.Unsupported Expenditure on Legal Services	-Legal services amounting to Kshs.2,730,778 were paid without approval from the Executive Committee in regard to outsourcing of legal Services -Payments were not supported by itemized fee notes and respective status of cases handled, contract agreements, evidence of court sessions attendance, rates applied.	Copies of fee notes, court ruling documents and contract agreement are provided	Section 16 of the Office of the County Attorney Act, 2020 require law firms to be approved by the Executive Committee in regard to outsourcing of legal services	•The accounting officer to always ensure to provide all supporting documents during audit. •All outsourced legal services should be approved by the County Executive Committee.	Immediately
3.Excessive Budgetary Allocation to the	County Assembly was allocated Kshs.706,848,845	It was ruled in 2014 that the Commission on Revenue	Regulation 25 (1)(f) of Public Finance Management	The Management should adhere to Regulation 25	Immediately

County Assembly	which is equivalent to 15.6% of the County Government's total revenue of Kshs.4,522,701,628 instead of the approved allocation of Kshs.316,589,114 or 7% of the County total revenue.	Allocation (CRA) annually would recommend to the Senate budget ceilings for County Assembly and the Senate would approve with or without amendments under the County Revenue Act (CARA). That has been the practice since then.	(County Governments) Regulations, 2015 states that the approved expenditure of a County Assembly shall not exceed seven 7% per cent of the total revenue of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower	(1)(f) of Public Finance Management (County Governments) Regulations, 2015	
5.Failure to Adhere to Ethnic Diversity Requirement in Employment	Out of 1563 employees 1479 or 95% were from the local dominant ethnic community. And 24 employees recruited during the year under review were from the local dominant ethnic community	-The dominant community Keiyo and Marakwet constitute over 95% of the County Staff and were inherited by the defunct Local Authorities. -Two employees employed during the	Section 65(1)(e) of the County Government Act, 2012, which requires that at least thirty percent of the vacant posts at entry level should be filled by candidates who are not from	Management should ensure that at least a third of their staff composition comes from other ethnic groups.	Immediately

		year were from less dominant community -The county is making efforts to bridge the existing ethnic composition gap.	the dominant ethnic community in the County		
7.Conflict in the Law - The Elgeyo Marakwet Equitable Development Act, 2015	Equitable Development Act (EDA Act), 2015 is used by the management and implementation of development projects. However, some sections of the Act conflicts with certain Sections of the National law.	The Executive arm in consultation with County Assembly commits to instituting the process of amending the highlighted conflicting sections of EDA 2015 to conform with other National Laws.	Article 191 of the Kenya Constitution 2010(1)&(2) National legislation prevails over county legislation if-(a) the national legislation applies uniformly throughout Kenya and any of the conditions specified in the clause.	Repeal the Equitable Development Act (EDA Act), 2015 and address the conflicts noted with the law.	Sixty days from the date of adoption of this report

8.Conflict of Interest by Members of County Assembly on the County Executive Functions	Members of County Assembly of Elgeyo Marakwet were involved in the executive functions i.e were members of Ward Development Committees.	The Executive arm in consultation with County Assembly commits to instituting the process of amending the highlighted conflicting sections of EDA 2015 to conform to other referenced National Laws to ensure there is separation of powers between the County Executive and the County Assembly	Section (2) County Government Act 2012 the county assembly shall not be directly or indirectly be involved in the— (a) executive functions of the county government and its administration; or (b) delivery of services as if the member were an officer or employee of the county government.	Repeal the Equitable Development Act (EDA Act), 2015 and address the conflicts noted with the law. included awarding tenders for ward-based contracts	Immediately
9.Partial Funding of Projects	Contracts totaling to Kshs.16,504,790 for projects that were not to be executed to completion with a justification that the projects were inadequately allocated	The County will allocate funds in the subsequent financial years.	No evidence has been availed to show allocation of funds to fully complete the partially funded projects.	Management should ensure that it funds projects to completion or if it is a multi-year project it should	Immediately

	funds as enabled by the Elgeyo Marakwet Equitable Development Act, 2015		Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 procurement proceeding cannot start unless satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates Regulation 55 (2) PFM Act (County Government Regulations) 2015	have well defined phases. No procurement proceeding should be started unless satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates. A project should be funded to completion i.e to utilization by the citizens	
10.Non-Compliance with the 35% Wage Bill	Employee's payments amount of Kshs.2,492,554,613 equivalent to 55% of revenue of Kshs.4,522,701,628.	-Compensation to employee's allocation exceeded 35% as set out in PFM Act owing to the various reasons	Regulation 25(1)(b) of the PFM Act, (County Government) Regulations 2015 which states that the	Management should adhere to Regulation 25(1)(b) of the PFM Act, (County	Continuou s

	The actual expenditure was in excess of the threshold of 35%	as analyzed in the response. -Strategies highlighted to address this wage challenge by June 2028, as per the Wage Bill and Productivity Conference 2024 resolutions.	limit set for the county government's expenditure on wages and benefits for its public officers pursuant to Section 107(2) of the Act shall not exceed thirty-five percent (35%) of the county government's total revenue	Government) Regulations 2015	
11.Stalled Proposed Maintenance of Road in Sengwer Ward	-At a contract sum of Kshs.2,400,000. audit revealed that approximately 40% of the works had been done and the contractor was not on site. -Managerial reports and operational plan by the implementation	-The work was not complete due to court injunction. The contractor could not access part of the road in contest hence doing the 40% of the road works.	Regulation 138(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a review meeting, status report includes executive summary, reports on the performance of the activities and	The Management should fast track the completion of the project.	Sixty days from the date of this report

	team for the project were not provided	-The departments have issued written instructions to the contractor to work on an alternative route that serves the community and do not pass through the contentious Section.	budget by the implementation		
12.Irregular Funding of National Government Functions	-Kshs.8,576,440 was spend on leveling and grading of fields in primary schools. -No memorandum of understanding between the two levels of government to enable projects to be undertaken in school.	-The county government undertook community infrastructural development in Wards to be used by the communities and schools.	Fourth Schedule of the Constitution of Kenya, 2010, which describes the functions of the National Government.	The management should ensure adherence to the provisions of the Constitution in implementation of County projects.	Immediately

		-Since there are no community fields, the respective communities identifies and recommends fields to be developed by the County government in primary schools through public participation and Ward development committees (WDC).			
13.Irregular Payment of College Fees for KMTC Students	-Kshs.14,599,500 incurred under sports department for Kenya Medical Training College (KMTC) college fees yet there's an established County Education Fund. -Management did not provide evidence on how the vetting	-Wards under equitable development act (EDA) set aside money to be used in this program. This is subsequently reflected in Annual Development Plan (ADP).	Section 149(1) of the Public Finance Management Act 2012 stipulates that an accounting officer is accountable for ensuring that the resources of the county Government are used in a way	Management should ensure that college fee is paid through the education fund as provided by the act avoiding duplication of roles and possible loss of funds	Immediately

	for the bursaries was done and no acknowledgements from the beneficiary colleges were obtained for the fee paid.	-Sample minutes used during vetting as evidence on how the beneficiaries were chosen	that is— (a) lawful and authorized; and (b) effective, efficient, economical and transparent.		
14.Implementation of Projects with no Value for Money	Projects valued at Kshs.139,063,020 implemented during the year revealed that value for money was not realized.	Detailed responses for respective projects is provided in a table.	Section 48(4)(b) of the PPAD Act 2015 states that the inspection and acceptance committee shall ensure that the goods, works and services meet the technical specifications and standards defined in the contract.	The auditor General to verify the projects during the audit of Fy2024/2025 and reported accordingly.	Next audit cycle
15.Non-Adherence to One Third Pay Policy	Audit review of the Integrated Payroll and Personnel Database (IPPD) System revealed that some members of	This was brought about by unexpected and inevitable deductions such as pensions,	Section 19(3) of the Employment Act, 2007 which states that all deductions which under the	The human resource department should ensure that all members	Immediately

	staff were earning less than the minimum allowed net pay.	implementation of NSSF Act ,2013 & affordable Housing Levy.	provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional	of staff are earning above the minimum salary allowed by the employment act 2007.	
16.Irregular Implementation of Income Generating Activity Program (IGA)	Implementation of the IGA had the following anomalies; Lack of conceptual framework of IGA Programs Projects funded without assessment Lack of capacity building for IGA programme Absence of well laid monitoring & evaluation framework Failure to follow up on funded projects	-Project conceptualized under the CIDP -Assessment done at ward level by the Ward Development Committees. -Training of project beneficiaries is a continuous process that is carried out routinely by line officers -Development Officers routinely monitor and report	Regulation 139(1) of the Public Finance Management Act, 2012 states that regulation approved by the county Assembly shall provide for the administration, control and management of grants, including (a) procedure for the allocation and disbursement of	To make IGA program sustainable and achieve its intended objectives, the management of county executive should take full ownership and responsibility of the program and set measurable targets for the program, establish a clear	Immediately

		on the progress of the groups	grants including the publication of transparent criteria for the allocation of the grant	implementation strategy to provide guidance	
1.Understaffing of Internal Audit Department	Internal audit function in place with a total staff of six (6) officers against (30) as per the approved staff establishment	-The internal Audit department is under staffed due to budgetary constraint -The County Government intends to gradually recruit more internal audit staff once funds are available	Regulation 155 Public Finance Management (County Governments) Regulations, 2015, The Head of Internal Audit unit in a county government entity shall enjoy operational independence and is well facilitated	Management should ensure that the internal audit is adequately staffed	Sixty days from the date of adoption of this report.
2.Operational Shortcomings in the Audit Committee	Review of the Internal audit function revealed the following; Prior audit matters had not	The County has initiated mechanism for tracking and follow	Regulation 155 Public Finance Management (County Governmen	Audit Committee should be functional to ensure that they meet, write	Sixty days from the date of adoption

	been presented to the Audit Committee Audit Committee held one sitting during the year No evidence of quality audit review and capacity building for the audit committee functions	up on the implementation of resolution of prior audit matters raised. Audit committee held one sitting before they were inaugurated The audit committee attended sensitization workshop in Naivasha between 23rd October and 27th October 2023	ts) Regulation s, 2015, The Head of Internal Audit unit in a county government entity shall enjoy operational independence and is well facilitated matters raised	reports and recommendation for improvement of the internal control systems.	of this report
3.Information and Communication Technology	-ICT security policy and disaster recovery plans have neither been	-ICT Policy is due for review to include disaster management	Regulation 110 of the Public Finance Management (County	should constitute an ICT Steering Committee, install smoke	Immediately

(ICT) Controls and Data Environment	developed nor spelt out in the ICT policy. -No formally documented, and approved processes to manage system changes and upgrades -The county lacks ICT Steering Committee. -Lack of an access control system to restrict and monitor access to the server room -Lack of smoke detector and an environmental monitoring system to monitor the humidity and temperature in the data centre. -No existing closed-circuit television (CCTV) system extended to the data centre	-The process of establishing an ICT Steering Committee is underway. -Biometric fingerprint scanner has been installed right at the entry point to the ICT office. -The County has initiated Closed-Circuit Television (CCTV) installations at strategic service points. -The county will provide for and install a smoke detector and environmental monitoring system	Government) Regulations, 2015 states that the accounting Officer for a county government entity shall institute appropriate access controls needed to minimize breaches of systems, of information confidentiality, data integrity and loss of business continuity.	detector and environmental monitoring and control system, a biometric access control system and extend the CCTV camera to the data centre to restrict and monitor access. Amongst other measures	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR GENERAL'S
REPORT OF EMBU COUNTY EXECUTIVE FOR FINANCIAL YEAR 2023/2024**

Basis of Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
1.Unreconciled Kenya Power Debt	Kshs. 67,910,595.58 which is owed to Kenya Power however, Kenya Power records show an amount of Kshs.50,973,758.21 resulting to a variance of Kshs. 16,936,837.37.	Regulation 100 of the Public Finance Management (County Government) Regulations, 2015	In line with the auditor's observation, the Embu County Government owe the Kenya Power in terms of pending bills for the use of energy. Our records show an amount of Ksh. 50,973,758.21 as at 31 st June 2024,	The Management has not provided the list of the pending bills owed to Kenya power.	3. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents (list of the pending bills owed to Kenya power) to the auditors

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 4. The Office of the County Governor undertakes administrative

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					ve action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; 5. The Institute of Certified

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Public Accountants (ICPAK) takes action(s) against the Head of Treasury for late submission of financial statements which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					days of the adoption of this report; 6. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					prescribed timelines; 7. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, the County Government prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					pending bills as a first charge on the County Revenue Fund.
2.Unreconciled LAPFUND Balance	Kshs.114,051,555.40 in respect to LAPFUND. However, The National Treasury records show that the county owes an amount of Kshs.39,360,268 in respect to LAPFUND resulting in an unexplained and unreconciled variance of Kshs.74,691,287.40.	Regulation 100 of the Public Finance Management (County Government) Regulations, 2015	The County Government has, however, officially requested for a statement from the fund managers for reconciliation purpose. Plans to pay off the bills are underway. Plans to pay off the bills are underway. Appendix 1.2 Letter to the LAPFUND managers	Evidence of the amount owed to lapfund and its correspondence provided. Detailed analysis of the unreconciled balance for Lapfund as reflected in the financial statements to be provided.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents (list of the pending bills owed to Kenya power) to the auditors

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Office of the County Governor undertakes administrative

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					ve action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; 3. The Institute of Certified

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Public Accountants (ICPAK) takes action(s) against the Head of Treasury for late submission of financial statements which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					days of the adoption of this report; 4. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					prescribed timelines; 5. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, the County Government prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					pending bills as a first charge on the County Revenue Fund.
3. Incomplete Asset Register	Assets inherited from the defunct municipal councils have not been included in the asset register. Included in the balance of Kshs.12,703,331,982. is Kshs.3,814,395,773 in respect to land. However, the County Executive did not provide a list of all parcels of land owned by the County, their	Regulation 136. (1) of the Public Finance Management (County Governments) Regulations 2015	The County Government of Embu received a report of transfer of motor vehicles in May 2024 and is in the process of including these assets in the Asset register after confirming their useful life, all of which have been recorded in a register accordingly. For land and buildings, and other assets, the transfer process is yet to be done thus making	• Its an ongoing exercise hence asset register not completed. • Transfer process for land has not been done nor initiated. •	The Committee recommends that the; - 1. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	specific locations, approximate size, value, and respective title deeds. Further, no title deeds in the name of the County Government were provided for audit.		asset register incomplete. A comprehensive register will be put in place once all assets have been transferred accordingly.		Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement the report of the Inter-Governmental Technical

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and 3. Office of the Auditor General should

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					progressively review and report on the matter in the subsequent Financial Years.
Unconfirmed Leasing of Medical Equipment Amount	A leasing of medical equipment amount of Kshs.122,723,404 and Kshs.110,28,298 for the current and comparative year respectively deducted at source. However, no records were provided for audit indicating how the amount deducted at source was treated in the books of the County Executive.	Public Finance Management Act 2012 Section 149(1&2b)	In line with the Auditors observation, an amount of Ksh. 122,723,404 was deducted at source by the National Treasury towards the repayments of specialized medical equipment. This followed an agreement between the National Government and the Ministry of Health (MOH).	The agreement letter between the Ministry of Health and the National government on the leased equipment's was not provided. No debit note from the national treasury in relation to the debit done at source.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
Long Outstanding Account Payables	Pending bills balance of Kshs.1,755,700,997 and Kshs.451,352,574. Further, analysis of the schedule of pending bills records	Regulation 41(2) of the Public Finance Management (County Governments)	The management has however endeavored to ensure that pending bills are paid as first charge by preparing Supplementary budget to include them as soon as it is practically	The management response not satisfactory Non payment of first charge leading to the long	The Committee recommends that: 1. that all County Governments pay verified

SUMMARY OF UNRESOLVED ISSUES

Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	reveals that the current pending bills amount to Kshs 2,207,053,571, while the outstanding bills for the last financial year were Kshs 1,796,117,016. This represents an increase of Kshs.410,936,555 or 23%.	Regulations, 2015	possible in the next financial period in line with the cash basis of accounting in Government.	outstanding accounts payables. No report from the previous task force on implementation of recommendations. Housing levy can not be a factor for increase in pending bills.	pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and 2. Resolves that- i. pursuant to the provisions of Regulation

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with the Controller of Budget, to provide

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct public participation while formulating supplement

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					tary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.
EMPHASIS OF MATTER					
Budgetary Control and Performance	Reflects final receipts budget and actual on comparable basis of Kshs.7,298,577,468 and Kshs.6,022,913,829 respectively resulting to an under-funding of Kshs.1,275,663,640 or 17% of the budget.	Section 107(2)(b) of the Public Finance Management Act, 2012	In line with the Auditors observation, the underfunding is attributed to shortfall in own source revenue and delay in transfer of equitable share from the National Treasury, as well as delay in the transfer of	Management has not provided a list of rolled over projects and evidence that they were included in the subsequent budget estimates and implemented. •	The Committee recommends that: 1. The National Treasury should ensure timely

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	Similarly, the County Executive spent Kshs.6,020,517,257 against an approved budget of Kshs.7,298,577,468 resulting to an under-expenditure of Kshs.1,278,060,212 or 18% of the budget.		projected Grants from Donors. The Government has put in place stringent measures in place to enhance own source revenue.		release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Manageme

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					nt Act, 2012; and 2. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls.
OTHER MATTER					
Unresolved Prior Year	In the audit report of the previous year, several issues were	Section 31 (1) of the Public	No response provided.		The Committee recommends that the County

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
Audit Matters	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, Management had not resolved the issues.	Audit Act, 2015		Issue not adequately addressed	executive complies with section 53 of the Public Audit Act, 2015 by acting on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					
Embu County Revenue Authority	Management did not prepare and submit financial statements	Section 47(1) of the Public Audit Act, 2015	The Embu County Revenue Authority (ECRA) Act was enacted with a view of	The management has not operationalized the revenue authority	The Committee recommends that the Embu

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	for Embu County Revenue Authority		giving the Authority the Autonomy to manage it operations independently, with an aim of maximizing own source revenue.	considering it has a full functional board in place hence hindering service delivery.	County Executive immediately prepares and submits the Embu County Revenue Authority's financial statements to the Office of the Auditor-General and in the format as prescribed by the Public Sector Accounting Standards Board as required by the Public Audit

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Act, 2015 within 30 days of adoption of this report and institute mitigating measures to prevent delays in the Financial Year 2024/2025.
Level 4 Hospitals	The Hospitals' Management did not prepare and submit for audit the annual report and financial statements of the following four (4) level 4 Hospitals despite being in operation for the three years 2021/2022,	Section 47(1) of the Public Audit Act, 2015	The Embu Level Four hospitals did not prepare and submit financial statements because the budget for the year under review was prepared combined for the entire health department	Despite combined budget being prepared, there was a circular issued earlier for preparing the financial statements hence the budget should have been separated at time of budgeting.	The Committee recommends that the Embu County Executive in conjunction with the Leadership of Level 4 Hospitals

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	2022/2023 and 2023/2024			Issue not adequately addressed	immediately prepares and submits the Hospitals' financial statements to the Office of the Auditor-General and in the format as prescribed by the Public Sector Accounting Standards Board as required by the Public Audit Act, 2015 within 30 days of adoption of this report and

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					institute mitigating measures to prevent delays in the Financial Year 2024/2025.
Payments to Council of Governors	Payment for Kshs.3,000,000 was paid to the Council of Governors. However, the Management did not provide supporting documents including, legal framework, invoice and contract agreement that formed the basis for the payment.	Section 37 of the Intergovernmental Relations Act, 2012	The Council of Governors made resolution towards subscription by all County governments and communicated the same. On ground of this the County pay the subscription.	• No agreement was provided from the Council of Governors on the payment. • Its illegal funding since the body gets money from ministry of devolution. •	1. The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					capacity as Chief Executive Officer, who continues to make the irregular contribution; and 2. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					line with the Resolution of the Senate.
Late Approval of the Embu County Government Appropriation Act, 2023	Approval from the Speaker of the County Assembly to the County Executive Committee Member granting authority to withdraw from the County Revenue Fund was not provided, CRF bank statements show that debit transactions of Kshs.819,438,640 and Kshs.538,826,546 were made on recurrent and development	Regulation 36 (1) of the Public Finance Management (County Governments Regulations) 2015	The said expenditure was drawn from Exchequer transfers in relation to the financial year 2023/2024, in which period both the receipts and expenditure, were duly supported in the appropriation Act for the period, disclosed in the cash books, ledgers, and in the financial statements presented for audit in the year. As such the Government was not in breach of law and required no	- The issue of late approval has not been addressed. - Letter granting withdrawal not provided for confirmation.	1. The County Executive must ensure strict compliance with Section 134 of the Public Finance Management Act CAP 412A and Regulation 36(1) of the Public Finance Management (County

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
			communication from the Assembly.		Governments) Regulations, 2015 in future financial years to avoid unauthorized withdrawals and breaches of the law in instances where the County Appropriation Act is not assented to or is not likely to be assented to before the first

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					working day of the financial Year; and 2. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
Unbudgeted Transfers to the Embu Level 5 Hospital	A total receipt of Kshs.1,013,732,568 which includes transfers to Embu level 5 Hospital amount of Kshs.789,155,691. However,	Section 164(1), (3) of the Public Finance Management Act (County Governments), 2012	Embu level 5 Hospital spent an amount of Kshs.789,155,691. During the year under review with a budget of ksh.340,326,400 being recurrent budget of Kshs.224,326,400 and	• Explanation not adequate enough • The unbudgeted expenditure has not been addressed • The amount used to pay	The Committee recommends that the Governor takes administrative action against the accounting

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	supplementary Appropriation Act, 2024 appropriated a final supplementary recurrent and development budget of Kshs.224,326,400 and Kshs.116,000,000 respectively totalling Kshs.340,326,400 for the Embu Level 5 Hospital resulting to an unbudgeted transfer of Kshs.448,829,291.		development budget of Kshs.116,000,000 respectively. An additional Kshs. 554,926,763 was budgeted for under the	salaries does not agree with the amount in question of Kshs.448,829,291.	officer for the unbudgeted transfer of Kshs.448,829,291 to Embu Level 5 Hospital, which exceeded the appropriated budget of Kshs.340,326,400, in violation of Regulation 46(1) of the Public Finance Management (County Governments) Regulations, 2015.

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
Stalled Project - Governor's Official Residence	The County Executive entered into a contract for construction of Governor's residence with a firm at a contract sum of Kshs.49,703,439 on 08 March, 2021. The contract period was to run for seventy-two (72) weeks with expected completion date of 8 September, 2022. However, at the time of audit the Governor's official residence was not complete. Request for an engineer's opinion on status of the	Salaries and Remuneration Commission Circular Ref. No. SRC/TS/COG/6/61/48 VOL.II (64) of 20 May, 2019 provides guidelines on construction of official residence of public officers.	As per the auditors' observations the contract was to run up to 8th September 2022, however due to inability of the contractor to complete the project, the project manager terminated the contract on 22nd Aug, 2023. The County Government of Embu plans for a budgetary allocation for funds to complete the residence which will go a long way in ensuring that value for money for the project is realised and that the Governor has a permanent official residence.	• There is no value for money in the construction of the governor's residence. • Since the cancelation of the contract nothing has been done to complete the project by either re-advertising or allocating funds towards completion of the Governor's residence. •	1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	building were not provided for audit review.				in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					subsequent audit cycle.
Compensation of Employees					
i. Failure to Set Expenditure Limit on Salaries and Wages	County of Embu incurred salaries and wages amount of Kshs.2,434,981,502 which translates to 41% of the total receipts of Kshs.6,022,913,829. However, there was no evidence to show that County Executive Member with approval of the County Executive set a limit on the county government expenditure on wages	regulations, 2015 which requires that the wage bill should not exceed thirty-five (35) percent of the County Government's total revenue.	During the financial year under review the County Government did not meet the threshold on compensation of employee's regulations, 2015 which requires that the wage bill should not exceed thirty-five (35) percent of the County Government's total revenue.	- Continuous employment increases the wage bill hence issue can't be solved - Growth of the health sector doesn't guarantee increase in wages and salaries across the county. Issue not adequately addressed	The Committee recommends that- 3. the management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	and benefits for its public officers.				that the county wage bill shall not exceed 35 percent of the county's total revenue; 4. the county executive puts in place measures to enhance own source revenue collection to address the high wage bill gap; and 5. the management should provide to

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.
ii. Non Adherence to One-Third Basic Salary Requirement	Review of the monthly payroll records revealed that one thousand three hundred and sixty-six (1,366) employees' salary deductions fell below the one-third (1/3) of the basic salary.	Section E.13(1)(2) of the County Public Service Human Resource Manual May 2013	The Integrated Payroll and Personnel Database (IPPD) is a computerized system which is automated in such a way that no employee can commit more than 1/3 of his/her basic salary. However, there are exceptional	The explanation provided not adequate • IPPD is not perfect in that it cant have employees earning less than a third.	The Committee therefore recommends that - 4. The County Executive should provide to the Auditor General

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
			circumstances under which this rule can be violated:		within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue of non-compliance with the one third of basic salary rule as well as comply with the requirements of Section 19 (3) of the Employment Act 2007.

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					5. The county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and 6. The Auditor General should continue monitoring the issue in subsequent financial years

SUMMARY OF UNRESOLVED ISSUES

Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
iii. Failure to Remit Payroll Deductions	A total of Kshs.431,803,980, deducted from employee salaries ageing more than two (2) years and not remitted to the respective entities.	Section 19(4) of the employment Act, 2007	In line with the Auditor's observations, the payroll remittances deducted from employees' salaries were in arrears.	Evidence that the amount deducted was arrears was not provided for confirmation. Revenue collection and remittance payroll deductions does not relate at all.	1. The County Executive adheres to Section 22(2)(a) of the Public Finance Management (County Government) Regulations, 2015, which provides that the accounting officer complies with any tax, levy, duty, pension, commitments and audit commitments as may be

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					provided by legislation; 2. The County Executives engage the relevant entities to formulate a payment agreement to settle the outstanding statutory deductions and provide a detailed status report on the same to the Office of the Auditor-General for subsequent reporting within 60 days from

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					the adoption of this report; and 3. The Management adheres to Section 19 (4) of the Employment Act, 2007 in regard to remittance of employee remuneration deductions in accordance with the period specified by the relevant bodies.
iv. Unbalanced Staff Ethnic	County Executive of Embu had a total of five hundred and	Section 7(2) of the National Cohesion and	The County Public Service Board recruited 428 employees during	The percentage doesn't comply with the Cohesion	3. The county executive should work

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Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
Composition	twenty-five (525) However, three hundred and fifty-two (352) or 60% of employees were from one dominant community. Further, recruitment of nine hundred and eleven (911) employees. established that seven hundred and ninety-nine (799) or 88% of the newly recruited employees were from the dominant community.	Integration Act, 2008.	the year under review. The ethnic composition of the employees is as shown in the table.	and Integration Act where it is stated not more than a third should come from one community. The management response is misleading. • Issue not adequately addressed.	progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity; and 4. The Standing Committee on National Cohesion and Regional Integration to explore

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.
v. Unsupported Recruitment	During the year under review, the County Public Service Board of Embu recruited nine hundred and eleven (911) employees in various positions. However, supporting documents such as list of all the applicants for these positions, short list of	Article 232 (1) of the Constitution of Kenya 2010	The CPSB employed the above four hundred and twenty-eight (428) officers during the year 2023/2024. There were 511 casual employees in the health department who were earlier employed by Hospital Boards. One hundred and six (106) market cleaners were	- The list stated that it has been provided could not be confirmed. - Interviewing minutes and scoresheets for various position could not be traced.	The Committee recommends that; the County Public Service Board addresses recruitment irregularities by providing

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	the applicants, interviewing minutes and summary of the score sheets for the interviewed candidates. In addition, only two hundred and ninety-seven (297) newly recruited employees could be traced both in the payroll and the list of successful candidates, six hundred and fourteen (614) recruits in the payroll could not be traced in the successful list of candidates		employed on casual terms by the Health department through delegated authority from the Public Service Board. (Letter of delegation attached)	Issue not adequately addressed.	missing documents (applicant lists, shortlists, interview minutes, and score sheets) and reconcile the discrepancy where 614 recruits on the payroll could not be traced to the list of successful candidates to the Office of the Auditor General within

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					sixty (60) days from the adoption of this report; and 2. The County Public Service Board should work to progressively ensure compliance with Section 65(1)(e) of the County Governments Act, 2012, by filling at least 30% of entry-

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					level positions with candidates from non-dominant communities.
Outstanding Imprest	In September, 2024 the Embu executive had an outstanding imprest of Kshs.12,774,887 which had not been surrendered. The outstanding imprest was issued between July, 2023 and 30 June, 2024 and had not been surrendered or accounted for	Section 93(5) of the Public Finance Management (County Governments) Regulations, 2015	However, as at the time of the audit on September 2024 the Embu executive had an outstanding imprest of Kshs.15,124,000 out of which Ksh. 12,979,472 has duly been surrendered and the balance of Ksh. 2,144,528 is being recovered from the payroll.	No evidence of the amount deducted was provided for confirmation. The evidence that the imprests have now been surrendered and accounted for not provided.	The Committee recommends that; 1. the Accounting Officer recovers the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Management (County Governments) Regulation; and 2. sanction and surcharge of Accounting Officer who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.
Incomplete Renovation Works at	A contract sum of Kshs.1,999,004 for renovation works at	Section 149. (1) of the Public Finance	The market committee requested for amendment of the bills	Approvals towards change of the bills of	The Office of the County Governor

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
Manyatta Market	Manyatta Market was contracted. Examination and physical inspection of the project in September 2024 revealed that the project remained incomplete and had the following anomalies;	Management Act, 2012	of quantities to change the raised steel tank platform to concrete slab roof because the space available was too small and building steel platform would lead to congestion. The request was received and considered as the user's feedback is key to successful project implementation.	quantities not provided for confirmation. • Site meeting minutes were not provided. • Evidences whether the project is complete and handed over and in use were not provided.	undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					sixty (60) days from the adoption of this report.
Construction of Milk Cooler Shed	An amount of Kshs.1,495,650 paid for construction and installation of a milk cooler shed at Mbui Njeru. However, even though the final certificate had been paid, physical inspection of the building carried out in September, 2024 revealed that the building was not in use. In addition, a Project sign board was not fixed, thus ownership of the	Section 149. (1) of the Public Finance Management Act, 2012	The Milk cooler shed was constructed in a public land, Plot No. 66 in Mbui Njeru market. All public land is usually surveyed and Development plans developed. Parcels are allocated numbers and registered and these marks the end of the registration, title deeds are usually not issued for public markets and roads.	• The physical map of the Mbui Njeru was not provided for audit confirmation. • Evidence of the signage of the project not presented. • No proper public participation done for the project hence unutilized. • Issue not adequately addressed.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	Project could not be confirmed.				Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
Irregular Implementation of National Government Functions	County Executive incurred an expenditure amounting to Kshs.2,965,321 to 3 (three) partially complete projects implemented by the National Government, Ministry of	Section 149. (1) of the Public Finance Management Act, 2012	Residents requested the County through their Members of County Assembly to help them complete the projects as they will facilitate talent development and growth among. The projects which included, a social hall, and leveling of primary	- Partnership agreement from the relevant entities with the county government were not provided. - Evidence of public participation with the locals to engage in the	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents

SUMMARY OF UNRESOLVED ISSUES

Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	Agriculture through Kenya Tea Development Agency and the Ministry of Education. Further, these shared services were not supported by partnership agreements and the county did not have a county shared services platform aligned to national policies, standards and norms.		School play grounds are in line with County youth's empowerment programs and will go a long way in creating employment and development of talents among this very important group in our society.	project not provided. • Minutes and any letters in regard to the project were not provided. • There is clear mandate of projects implemented by all government organs.	to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Committee recommends that the

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					County Executive immediately formalizes partnership agreements with the National Government, Ministry of Agriculture, and Ministry of Education for the three (3) partially completed projects, as required by Section 118 of the County Governments Act, 2012; 3. The County Executive should focus

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					on its mandates as outlined in Schedule Four of the Constitution and avoid undertaking projects that fall under the jurisdiction of the National Government, unless explicitly agreed upon through formal partnerships. The County Executive to provide a detailed status report

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					on the corrective actions taken, including evidence of partnership agreements be submitted to the Office of the Auditor General within sixty (60) days from the adoption of this report.
Presentation of the Financial Statements	Review of the annual report and financial statements provided for audit review revealed that the County Executive did not indicate the engagement with the	Section 164(1), (3) of the Public Finance Management Act (County Governments), 2012	In the statements under review, item No.3 (d) and appearing in page xii, has put to right the Embu County Executive engagement with the County Assembly and the	The specific bill sponsored by the executive through the assembly in favour of the public.	The Committee recommends that the County Executive ensures full compliance

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	County Assembly through its committees and the Senate including number of bills sponsored by the executive and any other matters presented for deliberations.		Senate. We however remain open to consider any further guidance from the Office of the Auditor General on the Subject.		with the financial reporting templates issued by the Public Sector Accounting Standards Board (PSASB) and International Public Sector Accounting Standards (IPSAS) by including all required disclosures, such as engagements with the County

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Assembly and Senate, the number of bills sponsored, and other matters presented for deliberations, in the annual report and financial statements provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE					

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
Voided Transactions	Analysis of system payments indicated that seven hundred and sixteen (716) transactions with a value of Kshs.324,525,938 were voided during the year.		The voided transaction was a result of failure to receive June 2024 equitable share from National Treasury.	Evidence of the voided transactions paid in the subsequent financial year was not provided for confirmation.	The Committee recommends that; 5. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were cancelled after the approval and there was no notification or due process and provide a status update to

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					the Senate within 60 days of adoption of this report; 6. The Office of the County Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					without approval and diverting funds; 7. Within six months of adoption of this report the CS National Treasury to ensure IFMIS reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					not initially approved; and 8. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.
Lack of Ownership Documents	Annex 5 to the financial statements reflects summary of non-current assets register balance of Kshs.12,703,331,982 in respect of fixed assets which includes	Regulations 143 (1) of the Public Finance Management Regulations, 2015	<i>As observed by the auditor not all parcels of land do not have ready ownership documents and the County Government is waiting on the report from the</i>	• Its an on- going activity hence not concluded. •	1. County should expedite the process of updating and presenting their Fixed Assets

SUMMARY OF UNRESOLVED ISSUES

Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	land with a balance of Kshs.3,814,395,773. However, land ownership documents were not provided for audit.		<i>intergovernmental relations and technical committee (IGRTC), and the eventual transfer of all assets accordingly, and in particular land.</i>		Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.
Failure to Tag Fixed and Movable Assets	County governments to maintain an updated asset register that records all fixed and movable assets. This includes tagging assets and keeping detailed records such as the cost of	Public Finance Management Regulations, 2015 paragraph 136	The tagging of the assets will be done after completing all assets identification, and the compilation of an Asset register in order to have sequential numbering of only useful assets.	• Its an on-going activity hence not concluded. •	1. County should expedite the process of updating and presenting their Fixed Assets Register in the format

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	acquisition, asset location, and condition.				prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement the report of the Inter-

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.
Fleet Management	During the year under review, the Management failed to maintain and update vehicle register with details of chassis numbers, engine numbers, the dates the vehicles were put into use and the dates the vehicles were	Regulation 176(1) of the Public Procurement and Assets Disposal Regulations 2020	The transfer of motor vehicles and motor bikes from National Government to County Government was done in the month of May 2024. The transfer constituted all vehicles belonging to all the devolved ministries of the National	• Evidence of the KBW 280W being in use not provided. • Its work in progress hence not completed.	1. County should expedite the process of updating and presenting their Fixed Assets Register in the format

SUMMARY OF UNRESOLVED ISSUES

Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
	grounded. In addition, fleet records provided did not include motor vehicle chasis numbers whereas 106 motor vehicles and bikes lacked engine numbers. Further, Management presented a list of two hundred eleven (211) movable assets for audit out of which one hundred and fifty-nine (159) motor vehicles and bikes were grounded and scattered in several yards and hospitals across the County.		Government despite the conditions of the vehicles. Some vehicles have been grounded long before the County Government came into being, this being the case, the County is in the process of evaluating the fleet management and is working towards achieving this goal. Motor vehicle number KBW 280W has since been redeemed and put back to use.	Issue not adequately addressed.	prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement the report of the Inter-

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and

SUMMARY OF UNRESOLVED ISSUES					
Audit Query	Audit Findings	OAG's Criteria	Management Response	Committee Observations	Committee Recommendations
					3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR
GENERAL ON AUDITED FINANCIAL STATEMENTS OF GARISSA COUNTY EXECUTIVE FOR THE
FINANCIAL YEAR 2023/24.**

Basis for Qualified Opinion

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1	1.0 Unsupported Locum Payments	An expenditure of Kshs.37,825,560 was incurred in respect of locum wages. However, there was no requisitions from the user department, appointment, approval and posting by the County Public Service Board.	The user department requisitions and approvals by the County Public Service Board have been attached (Annex 1 of response). Their terms of engagement and remuneration were attached in their appointment letters.	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60)	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the

					days of the adoption of this report. The Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	adoption of this report.
2	Unaccounted Pharmaceuticals Supplies	Drugs worth Kshs.107,932,618 distributed to various facilities were not taken on charge. Further drugs worth Kshs. 26,000,000 were not supported by the procurement process from requisition to recording in the store ledgers.	The S11, delivery schedule, S13 and store ledger submitted for audit review (Annex 2 of response)	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60)	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the

					days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	adoption of this report.
3	3. Unsupported Finance Costs	A breakdown was not issued for finance costs amounting to Kshs. 4,229,213.	The finance costs are fees that were charged by the bank and they include ledger fees charges and interest charges for the advance salary to the county by the bank. (Annex 3 of response)	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60)	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the

					days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	adoption of this report.
4	4. Unsupported KRA Agency Payments	Details for deductions amounting to Kshs.77,548,949 in respect of KRA agency payments for non-remittance of withholding tax were not provided.	The agency payment is due to late payment of Pay As you Earn (PAYE). Agency notice served to central bank to recovery funds attached. (Annex 4 of response)	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60)	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the

					days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	adoption of this report.
5	5.0 Accumulation of Pending Accounts Payables	Pending bills increased by Kshs.1,888,080,377 from Kshs.570,170,549 as at 30 June, 2023. The authenticity of additional pending bills could not be confirmed. There were no explanations for failure to settle the pending bills amounting to Kshs. 2,458,250,926.	The County settled pending bills amounting to Kshs. 570,170,549 in the current financial year out of an amount of Kshs. 2,458,250,926	The Committee observed that the county executive did not address or provide evidence to support the additional pending bills of Kshs. 1,888,080,377. The Committee also observed that the County Executive settled pending bills amounting to Kshs. 570,170,549 in the current financial	The Committee recommends: 1. that the County Executive pay verified pending bills of at least Ksh. 1 billion by the end of this financial year and the balance by the end of the financial year 2025/2026; and 2. that- i. pursuant to paragraph 41(2) & (3) of the Public Finance	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the

				year out of an outstanding Kshs. 2,458,250,926. The Committee noted with concern that the County Executive	Management (County Governments) Regulations, 2015, the County Executive prepares and submits to the Controller of Budget a payment plan prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the Controller of Budget shall be at liberty to deny the approval of budget releases in the subsequent quarters; ii. the Controller of Budget takes into consideration the efforts made by the County Executive to clear inherited pending bills when	adoption of this report.
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					approving exchequer releases; iii. moving forward, the County Executive to only pay pending Bills contained in their procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. the County Executive prepares its supplementary budget in the 3rd Quarter to curb instances of arbitrary re- allocations out of the approved budget estimates; v. the County Executive, in consultation with the Controller of	
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					Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. the County Executive to conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget shall not approve the supplementary budgets.	
OTHER MATTERS						
6	Budget and Budgetary Controls	There was underfunding of Kshs. 1,633,313,823 or 17% of approved budget.	The under-absorption is due to late exchequer releases from National Treasury.	The Committee observes that the County Executive did not receive exchequer releases	The Committee recommends that the National Treasury ensures timely release of funds to county governments in	Continuous

		Under-utilization of Kshs. 1,636,673,615 or 17% of the budget.		from the National Treasury on time.	line with the cash disbursement schedules approved by the Senate.	
7	Unresolved prior year matters	Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates	The prior year audit matter was addressed to in responses submitted to the Senate.	The committee observed that issues from previous financial years had not been resolved. The Committee further observed that the County Executive was in breach of section 53 of the Public Audit Act (Cap. 412B) and had also ignored the PSASB reporting templates.	The Committee recommends that the County Executive complies with section 53 of the Public Audit Act (Cap. 412B) by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
8	1.0 Irregularities in Human Resource Management 1.1 Non-Compliance with Fiscal	Compensation of employees representing 44% of the total receipts	The Wage bill has reduced from the prior year 57% to 44%. The County endeavours to further reduce the wage bill to 35%.	The Committee observed that the expenditure on compensation of employees exceeded the threshold of 35%	The Committee recommends that— 1) the County Executive strictly adheres to the provision of paragraph 25(1)(b) of the Public	Report back to the senate on the status of compliance

Responsibility Principle on Wage			prescribed by the Section 107(2) (c) of the Public Finance Management Act (Cap. 412A) and Section 25(1) (b) of the Public Finance Management (County Government) Regulations, 2015.	Finance Management (County Government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35% of the county's total revenue; 2) the County Executive puts in place measures to enhance own source revenue collection to address the high wage bill gap; and 3) the County Executive provides to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.	nce with the recommendations within sixty (60) days of the adoption of this report.
1.2 Irregular Payment of Special House Allowances	Fifty-two (52) employees were irregularly paid special house allowances amounting to Kshs.4,832,974 during the year in addition to the regular house allowance	The special house allowance was paid to employees in line with SRC circular dated 11 th December, 2014. Those earning special house allowance were	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during	Report back to the senate on the status of compliance with

		applicable for their designations.	employed before December 2014.		the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	the recommendations within sixty (60) days of the adoption of this report.
	1.3 Failure to Maintain Staff Establishment	The County Executive did not have an approved staff establishment in place.	The County is in the process of preparing staff establishment.	The Committee observed with concern that the County Executive was yet to formulate a staff establishment more than a decade since	The Committee recommends that the County Executive expedites the development and approval of its staff establishment and a status report be submitted to the	Report back to the senate on the status of compliance with

				the commencement of the County Government.	Auditor General for verification.	the recommendations within sixty (60) days of the adoption of this report.
1.4 Non-Adherence to Recruitment Thresholds for Persons with Disabilities	The County Executive had eighty-three (83) persons with disabilities, representing three percent (3%)	The County has established an entire department headed by a chief officer for people living with disability and will make sure more PLWDs are employed	The Committee observed only three percent (3%) of the staff in the County Executive were persons with disabilities. This is below the five percent (5%) threshold provided under Article 54(2) of the Constitution.	The Committee recommends that the County Executive, in coordination with the County Public Service Board, progressively ensures that in future employments, at least five percent (5%) of the staff in the County Executive were persons with disabilities as provided under Article 54(2) of the Constitution. The Committee further recommends that the Auditor General provide status of compliance with Article 54(2) of the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.	

					Constitution in the subsequent audit cycle.	
	1.5 Irregular Engagement of Casual Employees	Casual employees were engaged continuously for more than three (3) months.	The employees were engaged as casual workers waiting the approval from the county public service board to employ them on permanent terms. (Annex 6 of response).	The Committee observed that the County Executive admitted that it had hired casual workers under pretext as the intention is to employ permanent and pensionable employees, stating that the County Executive was “waiting the approval from the County Public Service Board” to employ the casual workers. The County Executive therefore breached sections 59(1)(b) and 63(1) of the County Governments Act (Cap. 265) by illegally engaging casual workers with	The Committee recommends that the employees engaged as casual workers with the intention of employing them on permanent and pensionable term in breach sections 59(1)(b) and 63(1) of the County Governments Act (Cap. 265) be dismissed forthwith. The Committee further recommends that pursuant to section 63(2)(a) of the County Governments Act (Cap. 265), the respective county chief officer(s) properly requests the County Public Service Board to recruit the employees it requires to employ and in accordance with the County human resource policy and the allocation of funds in the budget.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

				the intention of employing them on permanent and pensionable terms thereby usurping the powers of the County Public Service Board.	That upon receiving a request made pursuant to section 63(2)(a) of the County Governments Act (Cap. 265), the County Public Service Board recruits required employees in accordance with Part VII of the County Governments Act. The Committee also recommends that the County Governor undertakes administrative action against the officer(s) who breached sections 59(1)(b) and 63(1) of the County Governments Act (Cap. 265) by illegally engaging casual workers with the intention of employing them on permanent and pensionable terms and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report.	
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1.6 Employees Earning Less Than One Third of the Basic Pay	One hundred and sixty-six (166) employees were receiving net salaries that were less than one third of their respective basic salaries	We have taken measures to ensure employee do not overcommit their salaries. Administrative action by transferring the payroll manager. (Annex 7 of response)	The Committee observed that the County Executive is in breach of section 19(3) of Employment Act (Cap. 226).	The Committee recommends that the County Executive forthwith ensures compliance with section 19(3) of Employment Act (Cap. 226). The Committee further recommends that the Auditor General provide status of compliance with section 19(3) of Employment Act (Cap. 226) in the subsequent audit cycle.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
1.7 Employees Retained in Service Beyond the Mandatory Retirement Age	Six (6) employees had reached the mandatory retirement age of sixty (60) years but were retained in the service without any justification	These employees are PLWDs and their retirement age is sixty- five (65) years and that is why they are in payroll despite reaching six (60) years. (Annex 8 of the response)	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap.	Report back to the senate on the status of compliance with the recommendations within

					412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	sixty (60) days of the adoption of this report.
1.8 Processing of Salary Outside the IPPD	Seven hundred and thirty-five (735) employees were paid using a manual payroll.	These are employees who don't have personal numbers and they include the two hundred fifty-two casual works, one Hundred thirty-six Locum workers and new employees including County chief officers who are	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap.	Report back to the senate on the status of compliance with the recommendations within	

			waiting personal numbers.		412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	sixty (60) days of the adoption of this report.
9	2.0 Project Status and Implementation 2.1 Failure to Label County Projects	Five (5) projects valued at Kshs.93,575,184 were not labelled despite provisions for branding of Kshs.50,000 in the Bill of Quantities	Labeling and branding have now been implemented as evidenced by the attached photographs. See Annex 9.	The Committee observed that the County Executive breached section 32(3)(a) of the Public Procurement and Asset Disposal Act (Cap. 412C) and only complied after the Committee requested for responses to the	The Committee recommends that the County Executive ensures compliance with section 32(3)(a) of the Public Procurement and Asset Disposal Act (Cap. 412C) in all relevant county projects. The Committee further recommends that the	Report back to the senate on the status of compliance with the recommendation within

				issues raised by the Auditor General on the audit.	Auditor General provide status of verifies compliance as reported by the County Executive in the subsequent audit cycle.	sixty (60) days of the adoption of this report.
2.2 Stalled Projects	Inspection of projects carried out in September, 2024 revealed that seventeen (17) projects with a total contract sum of Kshs.504,292,598 had stalled and the contractors were not on site.	The committee has been appointed to undertake a comprehensive inspection of all stalled projects to determine the reasons for their stagnation and provide the way forward. See Annex 10.	The Committee observed with the concern that the County Executive has seventeen (17) projects with a total contract sum of Kshs.504,292,598 stalled thus losing the county value for money spent.	The Committee recommends as follows: 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.	

					2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3. The EACC to investigate the projects from inception with a view of causing prosecution of the County CEO and the CECM, Finance and Economic Planning for possible loss of funds and provide a status report to the Office of the Auditor General and the Senate within ninety (90) days from the adoption of this report;	
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					4. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
2.3 Completed Projects Not Put into Use	Eight (8) projects valued at Kshs.207,158,971 initiated in the previous financial years were completed in the year under review but had not been utilized.	The status of the project is as follows.	The Committee observed that the projects has been put to use. The Committee further observed that the county executive did not provide the status to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.	

					county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	
	2.4 Incomplete Equipping and Extension of Baraki and Maalimin Water Pipeline	A local contractor was awarded a tender for equipping and extension of fifty-six (56) kilometer pipeline between Baraki and Maalimin at contract sum of Kshs.219,827,435. The project is incomplete with only 35km of pipeline laid and two substations not done. Further, the project may not be feasible with three boreholes yielding a total of 66 cubic meters while the collector can only carry 22 cubic meters. In addition, the distance between the two substations is 24km and the ground is inclined.	The contractor resumed to the site a week after verification. The water demand of Maalimin is 114m ³ per day, while the pipeline discharges 22m ³ per hour, totaling 220m ³ per day. This pipeline was designed eight years ago when the demand was significantly lower. An additional booster station was installed between the substations to shorten the distance between the two substations. See Annex 11.	The Committee observed that the county executive did not provide the status to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigate breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

					county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	
2.5 Incomplete Construction of Garissa County Referral Hospital Medical Records Offices	Construction of Garissa County Referral Hospital Medical Records Offices at a contract sum of Kshs.11,859,01 had completion date of September, 2024. However, an inspection conducted in September, 2024 revealed that an estimated 60% of the works had been completed but the contractor was not on site.	The contractor requested for an extension which was granted. Attached is the certificate of Practical Completion Certificate and the Final Inspection Report. See Annex 12.	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.	

					county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	
	2.6 Incomplete Construction of Parking and Fencing at Qorahey	The demolition and construction of parking and fencing at Qorahey market in at a contract sum of Kshs.19,467,404. The project was supposed to be completed by 30 June, 2024. The project inspection conducted in September, 2024 revealed that the project was incomplete and the contractor was not on site.	An approved extension of the project period was granted. The project is complete and all works as per the contract specifications. All relevant supporting documents, including the Practical Completion Certificate, Handover, are attached See Annex 13	The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

					county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	
2.7 Incomplete Fencing of Agricultural Training Centre	Fencing of the Agricultural Training Centre at a contract sum of Kshs.27,365,320 had a completion date of 28 April, 2024. Project inspection conducted in the month of September, 2024 revealed that portions of the perimeter wall had collapsed due to the impact of flooding. Also, there was encroachment by the local community and the contractor was not on site.	Following the subsidence of the floods, the contractor requested for extension of time. The project engineer, alongside the inspection team, assessed the damage and agreed with the contractor that the encroached area needed to be cleared before resumption of works. Despite the clearance of the encroached area and the formal invitation to resume work, the contractor failed to return to the site. See Annex 14.	The Committee observed that the project was still incomplete and verification by the Auditor-General indicated that the contractor was still not on site.	The Committee recommends that the County Executive forthwith ensures that the project is completed as per the contract terms. The Committee further recommends that the Auditor General provide status of compliance in the subsequent audit cycle	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.	
2.8 Upgrading to Bitumen Standard of	Upgrading to bitumen standards of Bulla Madina-Dobale Road at a contract	The project is complete and has been inspected for	The Committee observed that the county executive	The Committee recommends that the County Governor	Report back to the	

	Bulla Madina - Dobale Road	sum of Kshs.39,219,843 with an expected completion date of 16 October, 2024. Inspection conducted in September, 2024 revealed that the road was in the base stage with estimated progress of work at 70%. However, the contractor was not on site.	compliance with the contract specifications and quality standards. Attached herewith are the Practical Completion Certificate, Final Inspection Report which details the final status of the project. See Annex 15	did not provide the documents to the Auditor-General during the audit process.	undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
10	3.0 Irregular Operation of Bank Accounts	The County operated irregularly three (3) County	The salary accounts were operated because, the IFMIS	The Committee observed that the County Executive	The Committee recommends that the County Governor	Report back to the

		Payroll accounts held in three (3) commercial banks.	system is not integrated with the payroll system. The County Government has taken corrective measures to close the salary accounts. See Annex 16	had written to two commercial bank requesting closure of salary accounts. The Committee observed that the county executive did not provide the documents to the Auditor-General during the audit process.	undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
11	4.0 Failure to Transfer Functions to	The County procured foodstuffs worth Kshs.34,471,550 for flood	There is a separate budgetary allocation for donations and	The Committee observed that the county executive	The Committee recommends that the County Governor	Report back to the

Established County Entities 4.1 Procurement of Food Donations		victims. However, Management did not explain why the donations could not be procured and managed by the existing Garissa County Emergency Fund.	emergency response under the finance budget. See Annex 17	did not provide the documents to the Auditor-General during the audit process.	undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
4.2 Procurement of Street Lighting for		The County engaged local contractors for solarization and street and street	The budget for the execution of these projects was allocated	The Committee observed that the county executive	The Committee recommends that the County Governor	Report back to the

Garissa Township Municipality	lighting in Garissa Township at contract sums of Kshs.23,996,688 and Kshs19,496,178. respectively. The functions lie within the Mandate of the municipality.	under the Department of Urban Development, the municipalities were actively involved in the implementation process. The municipalities were responsible for project inspection to ensure that the contractors adhered to the agreed standards and specifications.	did not provide the documents to the Auditor-General during the audit process.	undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-General during the audit process in accordance with section 156 of the Public Finance Management Act (Cap. 412A) and provide a status report to the Auditor-General within sixty (60) days of the adoption of this report. The Committee further recommends that the Directorate of Criminal Investigations investigates breach of section 62(1)(b) or (c) of the Public Audit Act (Cap. 412B) by the county public officers, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution.	senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
	4.3 Procurement of Items for Garissa Water	The County procured aluminum sulphate and laboratory items worth	The Garissa Water and Sewerage Company	The Committee observed that the county executive	The Committee recommends that the County Governor Report back to the