

	the implementation of the projects Review of records and IFMIS payment details revealed that the Department of Culture, Sports and Social Services engaged various contractors to undertake development projects at a total contract amount of Kshs.19,133,627. However, physical verification during the audit on 1 September, 2024, revealed poor workmanship and several anomalies in the implementation of the projects, as	completed to the roof level. An amount of Ksh. 1,033,349.00 has been factored into the current budget to facilitate its completion. The observed falling bricks and any other defects will be rectified under the scope of the second phase. These defects resulted from the prolonged delay in commencing phase two. Measures have now been put in place to ensure the project is completed and		subsequent Financial Years	
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		outlined in the table below;				
27	Construction of County Aggregation and Industrial Park	Examination of Trade Department and Regulations projects records revealed that the Kisii County Government awarded a contract for construction of County Aggregation and Industrial Park at a contract sum of Ksh.477,941,470. However, the following issues were noted: An advance payment of Kshs.95,588,294 was made to the contractor upon winning the	The management takes note of the audit finding; However, Advance Payment of Kshs. 95,588,294 was paid on exceptional circumstances Memorandum of Understanding between the National Government and the Counties, The National Government handled much of the preliminaries even putting up the advert of the	The management did not provide relevant documents to OAG for verification	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

		tender. However, Management did not provide evidence of exceptional circumstances that warranted the advance payment immediately after signing contract with a contractor that was evaluated as financially sound. The Memorandum of Understanding between the National Government and the County Government on co-sharing of the project was not provided for audit. No evidence was provided that land on which construction was going on belonged	project as witnessed in the project file. Land ownership documents Feasibility study, NEMA , signed Programme of Works On Sign post; the Contractor erected the sign post, evidence attached. Poor Access Road to the project site, the road was not part of the scope. The project is located in a swampy area possibly a wet land.			
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		to the County Government. Feasibility study for the project, National Environment Management Authority (NEMA) approvals, signed programme of works were not provided for audit review. In addition, physical inspection done on 3 September, 2024 revealed that the sign post (publicity board) was not erected at the site of construction, poor access road to the project's site and the project site is located in a swampy				
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		area possibly a wet land.				
28	Failure to Perform Project Handover and Acceptance after Completion	Review of records and IFMIS payment details revealed that the Department of Education, Technical Training, Innovations, and Manpower Development engaged various contractors to undertake development projects with a total contract amount of Kshs.6,172,615. However, management did not provide handover and acceptance minutes, as well as completion reports from the contractors	Management regrets the delay in handing over of the completed ECDE classrooms by the contractor as noted during the audit period. Management has so far handed over the projects to the users. Find attached:	The management did not provide relevant documents to OAG for verification.	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

		for audit verification as detailed below				
29	House Renovation at Lower Milimani Estate	Review of records and IFMIS payment details revealed that the Department of Land, Physical Planning and Urban Development paid an amount of Kshs.1,931,878 towards renovation of a house at Lower Milimani Kisii. The contract was scheduled to commence on 1 April, 2024, with an expected completion date of 1 June, 2024. However, field verification conducted during the audit on 3 September, 2024,	At the time of audit, the project was fully complete and handed over to the client. The project was not in use since there was no water and power connection which was not in the contract. Currently, the house is in use after the management fixed the missing amenities.	The management did not provide relevant documents to OAG for verification.	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

		revealed that the renovation works were complete but the house remained unused. Management did not provide handover and acceptance minutes and reports of the project by contractor after completion of the renovation work for audit verification				
30	Irregular Implementation of a Project - Construction of New County Headquarters	Review of the documents provided for audit revealed that the County Executive Office of the Governor and a contractor entered into a contract for construction of Kisii County Headquarters at a contract sum of	In response to the auditors' observations regarding the payment of a 20% advance to the contractor awarded the contract at a cost of Kshs. 499,995,565.00, we wish to	No evidence was provided that advance payment was specified in the tender document, contrary to Section 146 of the PPDA Act, 2015. Approvals from NEMA and NCA for construction	1) The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the	60 days from the date of adoption of this report

		Kshs.499,995,565. However, an advance payment of Kshs.99,999,113 was made to the company upon winning the tender. Management did not provide evidence of exceptional circumstances that warranted the advance payment immediately after signing contract with a Company that was evaluated as financially sound. Further, approvals from NEMA, NCA giving clearance for the construction were not provided for audit	provide a comprehensive explanation. This advance payment was made in accordance with Sections 146 and 147 of the Public Procurement and Disposal of Assets (PPDA) Act 2015. Justification for Advance Payment 1. Exceptional Circumstances: The decision to provide an advance payment was based on exceptional circumstances that required prompt action to ensure project kickstart and continuity. These	clearance were not provided.	Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report. 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 CAP 537 for gross negligence in the conduct of	
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			circumstances included the following inter alia: Urgent Project Timelines: The project had critical timelines that necessitated immediate mobilization In response to the auditors' observations regarding the payment of a 20% advance to the contractor awarded the contract at a cost of Ksh. 499,995,565.00, we wish to provide a comprehensive explanation. This		their professional duties which constitutes a professional misconduct.	
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			advance payment was made in accordance with Sections 146 and 147 of the Public Procurement and Disposal of Assets (PPDA) Act 2015. Justification for Advance Payment 1. Exceptional Circumstances: The decision to provide an advance payment was based on exceptional circumstances that required prompt action to ensure project kickstart and continuity. These circumstances included the		
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			following inter alia: Urgent Project Timelines: The project had critical timelines that necessitated immediate mobilization of resources. Delaying the advance payment would have significantly impacted the project schedule considering its nature, complexity and magnitude objectively aimed at decongesting the town and improved service delivery to Kisii residents.			
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			Bid Document specifications: The bid document that was used including the contract engagement signed by both parties under 14:2 advance payment “-The employer shall make an advance payment as an interest free loan for mobilization and cashflow support, when the contractor submits a guarantee in accordance with this clause. The total advance payment, the number and timing of			
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			instalments (if more than one) and applicable currencies and proportions, shall be stated in the special conditions of the contract” The special conditions of contract did specify the maximum percentage of advance payment to be effected in case the entity decided to honour and the percentage of amortization repayment (30%) 2. Risk Mitigation: Providing an advance payment, accompanied by a			
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			bank guarantee, was a strategic decision aimed at mitigating risks associated with project delays. The bank guarantee served as a financial security measure, ensuring that the contractor remained accountable for the project's successful completion. The Public Procurement and asset Disposal Regulations Reg. 136 (2) the procurement function ensured that the bank guarantee was			
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			authenticated by the issuing bank in writing to the accounting officer, the bank guarantee is on demand, one among other provisions were adhered to accordingly. The management ensured that the contract included clear terms regarding the advance payment, specifying conditions for repayment and performance guarantees. Conclusion The advance payment to the contractor was			
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			made after thorough assessment and was fully justified due to the exceptional circumstances surrounding the project. The contractor's robust financial position further supported this decision, along with the urgency of meeting project timelines. It is important to note that management strictly adhered to the guidelines outlined in the PPDA Act, ensuring project success while maintaining a			
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			strong sense of oversight and accountability through the bank guarantee. Rest assured; this approach will undoubtedly lead to a successful outcome. Attached see the progress report as 8th October 2024 and attached valuation of works executed on site for your assessment and review. Take note that the project commenced on 9th of July 2024. 9 (12 weeks elapsed)			
31	Delayed Alteration	Review of the documents provided	Management agrees with the	The management reported the project	The Office of the County Governor	60 days from the

	and Renovations to Governor's Office at Old Municipal Building	for audit indicated that a contract was signed for alteration and renovations to County Executive offices old Municipal Building was at a cost of Kshs.24,921,817. The contract was for 24 weeks ending 20 December, 2023. At the time of audit in September, 2024, works were still in progress. No explanation was provided for delayed works. Further, explanation as why this Office was being renovated to the standards of housing a Governor and at the same time the County	auditor's findings that the project was delayed during the physical inspection conducted in September 2024, in accordance with the original contract duration. However, the contractor requested and was granted two-time extensions. The first extension expired on April 20, 2024, while the second one expired on September 30, 2024. As of today, the project is practically complete,	as complete and operational, but no completion certificate or handover documents were provided	undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	date of adoption of this report
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		Headquarters building which included Offices for the Governor too was in progress were not provided.	occupied, and operational. Please refer to the practical completion certificate, penultimate inspection minutes, and snag list for the contractor's attention during the six-month defects' liability period. The final release of the remaining payment is pending			
32	Delayed Installation of Metro Optical Cable at Governor's Office	Review of the records provided for audit revealed that a contract for Installation of Metro optical cable to	Management take note on the auditor's observation and regrets the delayed	A Kshs.8,998,713 contract for Metro optical cable and SD-WAN connectivity, set to start on 26 July	1) The County Executive establishes a project management and monitoring System to help	60 days from the date of adoption of this report

		Governor's Office at the Kisii Municipality Premises and SD-WAN Connectivity to Sub Counties at a contract sum of Kshs.8,998,713. The contract was to start on 26 July, 2022 for a period of 4 months. However, as at the time of audit in September, 2024, work was yet to commence. The Municipality building on which the installation was to be done was under renovations. No explanation was provided for scheduling works on a building that was to be ready two	installation of metro optical cable at governor's office. The delay was occasioned by change of scope in the renovation and cabling	2022, had not commenced by September 2024 due to ongoing renovations. Despite this, Kshs.4,126,029 was paid with no explanation.	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	
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		years later. During the year under audit, Kshs.4,126,029 of the contract sum was paid			prioritize 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 OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
33	Unsupported Procurement of Fuel	Review of records provided for audit and IFMIS payment details revealed that the Department of	The management takes note of the matter raised by the auditor. There was framework	The management did not provide evidence of a framework arrangement or	1. The Office of the County Governor undertakes administrative actions against	60 days from the date of adoption

		Lands, Physical Planning, and Urban Development directly procured the supply and delivery of fuel from a services station at a cost of Kshs.1,749,804. However, management did not provide justification for using the direct procurement method, given that the procurement did not meet the conditions set in Section 103(2) of the Public Procurement and Asset Disposal Act, 2015. Additionally, a duly signed contract agreement, acceptance,	arrangement for procuring the said fuel	justify the use of direct procurement.	the officers who failed to provide the documents to the auditors 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. 2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1)	of this report
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		evidence of appointment of an adhoc evaluation committee, and other related procurement documents in support of the procurement were not provided for audit review.			(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.	
34	Funding of Idle Road	The Department of Water, Energy, Environment and Natural Resources initiated a number of water projects in collaboration with communities and institutions across the County at a total cost of Kshs.22,699,014. However, there was no evidence that the	The department of Water, Energy, Environment and Natural Resources initiated a number of water projects for the financial year 2023/2024 on which it collaborated with the concerned communities and institutions within the county. Public	Physical verification on 5 September 2024 revealed that gabion boxes and mattresses were not installed, only 100 meters of road was done instead of 450 meters, and the road was overgrown, blocked, and unusable.	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	60 days from the date of adoption of this report

		intended beneficiaries were involved through the public participation to enhance leadership, ownership, social accountability and sustainability of the projects to avoid rejection of the projects by the local residents. Further, no documents transferring these parcels of lands to the projects was provided. The water projects may, therefore, be faced with uncertain situations of ownership and operations of such projects.	participation and forums were fully conducted which aimed at enhancing leadership, ownership, social accountability as well as sustainability. The concerned communities and institutions and their respective leadership, (Members of County Assembly (MCAs) held various meetings where they unanimously agreed and confirmed on suitable points to erect the water projects which		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 existing and stalled projects and provide a budget for their completion	
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			were to serve the respective communities centrally. On the earmarked points, institutions were consulted before the public participation exercise kicked off after which the same was confirmed through conducting public participation. By the time audit team went to the various areas to verify the projects the evidence documents for public participation were available and the same were presented to them		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.	
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			manage the projects. All the water projects which have been done by the county government in the previous years, no formal agreements have been entered by the communities. In future, the department shall ensure that formal agreement is entered between the government and the communities where public projects are erected.			
35	Failure to Remit Retirement	Review of the documents provided for audit revealed	Management concurs with auditor's	The County Executive owes LAPFUND	1. The County Executive should prioritize	60 days from the date of

	Contributions	that the County Executive owes Local Authorities Provident Fund (LAPFUND) a total of Kshs.1,605,562,651. This amount includes an outstanding principal of Kshs.23,852,200 and accrued interest of Kshs.1,581,710,452. Further, there is a debt of Kshs.1,791,934,325 owed by the defunct local authorities, which has not been disclosed as a pending bill, despite the County Governments taking over assets and	observations on the outstanding debts owed to LAPFUND and CPF. The principal amounts of Kshs. 23,852,200 and Kshs. 3,172,635 for LAPFUND and CPF respectively resulting from a previous reconciliation by both parties have been planned for settlement and included in the current pending accounts payables report. In regard to accrued interest and debts owed by defunct local	Kshs.1,605,562,651, including Kshs.23,852,200 in principal and Kshs.1,581,710,452 in interest. A Kshs.1,791,934,325 debt from defunct local authorities remains undisclosed as a pending bill. A demand letter from CPF Financial Services dated 18 June 2024 shows an additional debt of Kshs.137,530,132. The County Executive has not provided a payment plan.	payment of the unremitted retirement contributions to Local Authorities Provident Fund (LAPFUND) Local Authorities Pensions Trust (LAPTRUST) and County Pensions Fund (CPF) and provide a status update to the Auditor General within sixty days of the adoption of this report. 2. The EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending	adoption of this report
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		liabilities of defunct Local Authorities. In addition, demand letter from CPF Financial Services, dated 18 June, 2024, indicated that the County Executive owed the body Kshs.137,530,132. This includes outstanding principal contribution arrears of Kshs.3,172,635, accrued interest of Kshs.128,087,175, and an actuarial deficit of Kshs.6,270,322. However, the County Executive has neither provided an explanation or a budget for the unremitted funds	authorities, the management has taken an initiative in reconciling these amounts with respective entities with a view of amicably resolving the matter as per IGTRC resolutions. Further, the National Treasury has set up a committee that is currently reviewing these debts.		their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B; and 3. Surcharge of the officer(s) who deducted pensions money from the staff and failed to remit it to the relevant pensions fund.	
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		nor offered a payment plan to settle the outstanding staff pension contributions				
36	Adjustments in Supplementary Budget	Review of the original approved estimates against the first and final supplementary budget for the year 2023/2024 revealed that some funds which were originally appropriated for capital development projects were reallocated during the supplementary budgeting process, where 700 projects whose total budget amounted to Kshs.1,879,905,409,	Management concurs with auditor's observations on the outstanding debts owed to LAPFUND and CPF. The Principal amounts of Kshs. 23,852,200 and Kshs. 3,172,635 for LAPFUND and CPF respectively resulting from a previous reconciliation by both parties have been planned for	The management did not provide evidence of compliance with reallocation and adjustments in the supplementary budget.	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

		were completely reallocated, hence no funding or implementation was carried out. This was contrary to Section 43(1)(b) of the Public Finance Management Act, 2012	settlement and included in the current pending accounts payables report. In regard to accrued interest and debts owed by defunct local authorities, the management has taken an initiative in reconciling these amounts with respective entities with a view of amicably resolving the matter as per IGTRC resolutions. Further, the National Treasury has set up a committee that is currently			
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			reviewing these debts.		
			Annex 33a - Extract of Pending Bills Report		
			Annex 33b - Extract of Pending Bills Payment plan		
			Annex 33c- Invite for Reconciliation		
			Annex 33d- National treasury circular		
			The preparation of the Revised Budget estimates for FY 2023/2024 was guided by Section 135 (1) of the Public Finance Management 2012 that allows the County government to		

			spend money that has not been appropriated for any purpose or need has arisen for expenditure for a purpose for which no money has been appropriated. Its preparation was also informed by the County Government Additional Allocation Act which aligned some programmes earlier budgeted for. It is worth noting that this supplementary Budget was prepared after the first one had been			
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			revoked. Therefore, the first supplementary budget was not implemented at all. This supplementary budget was based on the original budget and therefore the Kshs 813,327,390 was the only amount reallocated and realigned in line with the Act. Attached is the County Additional Allocation Act 2023 for your reference. Annex 34 - The county Governments additional			
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			allocations Act, 2024			
37	Regularity of Legal Expenses	Review of the records provided for audit revealed that during the year under review the County Executive spent Kshs.29,135,024 in respect to legal fees for various court cases filed against the County Executive. However, the schedule of the litigation cases against the County Government and their status provided for audit revealed that the county had 354 pending cases in various courts some dating as far	No management responses provided	The County Executive spent Kshs.29,135,024 on legal fees, but records show 354 pending cases, some dating back to 2002. Key documents, including case files, court records, and contract agreements for Kshs.25,240,000, were not provided.	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

					back as 2002. Further, the case files, court records to show that the County Executive have been taken to court to defend itself in cases levelled against it such as summon to enter appearance, initial fee note, evidence of court attendance were not provided for audit review. In addition, contract agreement for engagements amounting to Kshs.25,240,000 entered between the County Executive and the various law firms, negotiation minutes if any, were	
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		not provided for audit.				
38	Unsupported Bank Loan	Review of the documents provided for audit revealed that total of Kshs.751,850,064 was obtained by the County Executive as a loan from a bank to pay staff salaries. This included Kshs.77,696,792 borrowed on behalf of County Assembly of Kisii for payment of salaries. However, there was no evidence this loan was approved by the County Assembly and were guaranteed by the National Treasury. Further, it was not explained why	The management has provided a Cabinet memorandum that sought approval for a credit facility to pay staff salaries. This memorandum was subsequently approved by the County Assembly. Additionally, the signed contract between the County Government of Kisii and Family Bank Limited has since been submitted for audit review. The terms and conditions of the	The management did not provide relevant documents to the OAG for verification.	The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors 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.	60 days from the date of adoption of this report

		County Assembly of Kisii had to obtain its loan through the County Executive. In addition, terms and conditions of the loan, including interest and other charges payable and the terms of repayment were not provided and there was no evidence that the loans were wholly spent on salaries.	loan, including interest rates, charges, and repayment schedules, were documented and agreed upon at the time of the loan arrangement. Furthermore, a bank statement and a letter from Family Bank confirming that the loan proceeds were utilized to pay staff salaries have also been provided for audit verification.			
39	Sustainability of Climate Change Initiatives	Review of documents reveals that County Executive was awarded a contract for rehabilitation of	When trees were planted the department took the following measures to ensure	There were no proper measures to protect the planted trees, leading to destruction by animals and the		

		Keboye and Emborogo forests through tree planting at a contract sum of Kshs.1,854,000 for the projects of Climate Change under Department of Water, Energy, Environment and Natural Resources. Records scrutiny show that 10,000 and 8,000 trees were planted in Keboye and Emborogo forest respectively. However, physical verification done on 4 September, 2024 to Keboye forest revealed that there were no proper measures taken to ensure the trees	sustainability of the project: planting the trees during the rainy period, conducting awareness creation in the surrounding community on the benefits of rehabilitating the forests and sensitizing the existing community committee which is managing the forests. In addition, the department has provided a budget for fencing of government forests to ensure that the trees are not tampered with	community. Additionally, the actual number of trees planted could not be verified.		
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		planted are well taken care of as a number of trees were destroyed by animals, the already grown trees are being cut down by the surrounding community, while some have dried up. It was also not possible to authenticate whether 10,000 trees were planted.	in future. Similarly, the county government has a long-term plan to ensure that its forests are well maintained.			
40	Irregularities in Imprest Management	The statement of receipts and payments reflects use of goods and services amount of Kshs.726,415,634 as disclosed in Note 3 to the financial statements. Included in the amount is domestic travel and	The management regrets the anomaly in imprest management occasioned by time lag in accessing domestic travel funding.	The committee observed that Kshs.96,872,664 for domestic travel and subsistence was expensed without following the imprest system, contrary to Regulation 91(2) of the PFM	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section	60 days from the date of adoption of this report

		subsistence expenditure of Kshs.96,872,664. Further, the statement of assets and liabilities reflects Nil balance in respect of outstanding imprests. Management indicated that the payments of 96,872,664 were made through reimbursement system whereby, officers travelling on duty outside the duty station, using their own funding and claimed for reimbursement upon return to duty station. However, the claim was		Regulations, 2015. The reimbursement claims lacked supporting documents.	156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report. 2. The management should comply with Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015, by ensuring all travel and subsistence expenses are processed through the imprest system with	
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	unsupported as, analysis of the IFMIS payment details for of the County Executive confirmed that payments for domestic travel and subsistence were directly expensed. This was contrary to Regulation 91(2) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.				proper documentation	
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41	Non-Preparation of Financial Statements for Municipalities	Information provided for audit review revealed that the County Government has never prepared and submitted for audit financial statements for Ogembo Municipality. This was contrary to Section 180 of the Public Finance Management Act, 2012 which requires that, at the end of each financial year, the accounting officer of the City or municipality established by Urban Areas and Cities Act, No.13 of 2011 shall prepare financial statements in accordance with	The management took note on auditor's observation in regard to F Non-Submission of Financial Statements for Ogembo Municipality	The County Executive did not submit the financial statements for municipalities to the OAG.	The management should comply with the Public Sector Accounting Standards Board (PSASB) regulations by ensuring timely submission of financial statements for all Sub-County Hospitals to the Office of the Auditor-General.	
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		the standards and formats prescribed by the Public Sector Accounting Standards Board and the provisions of the Urban Areas and Cities Act, 2011				
42	Non-Submission of Financial Statements for Sub-County	The financial statements of Kenyena Sub-County Referral Hospital, Etogo Sub-County Hospital, Gesusu Sub-County Referral Hospital, Gucha Sub County Referral Hospital, Ibacho Sub-County Hospital, Ibeno Sub-County Hospital, Iranda Sub-County Referral Hospital, Kenyerere Sub-	The management concurs with the auditor's Non-Submission of Financial Statements for Sub-County Hospitals. Subsequently the management will comply with this requirement.	The County Executive did not submit the financial statements for multiple Sub-County Hospitals to the OAG.	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	Continuous

		County Hospital, Keumbu Sub-County Hospital for the year ended 30 June, 2024 were not submitted to the Office of the Auditor-General for audit. This was contrary to the requirement by the Public Sector Accounting Standards Board (PSASB) by 30 September each year			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 Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a	
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						status update to the Senate within 60 days of adoption of this report. 3) The management should comply with the Public Sector Accounting Standards Board (PSASB) regulations by ensuring timely submission of financial statements for all Sub-County Hospitals to the Office of the Auditor-General.
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REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

43	Manual Invoicing	Audit review of the revenue collection revealed that invoicing in revenue collection was done manually and electronic record was kept on revenue stream for property rates and county premises monthly rents. Invoices raised could not be matched with paid into the bank account, leading to unaccounted revenue. This was a result of lack of an audit trail from invoicing to payment of revenue into the bank and	The management concurs with the auditor's observation on manual invoicing. However, the management has developed a manual mechanism to ensure that the amount paid matches the invoice before billing is done in the system. We are in the process to digitalize the entire revenue process to enable auto reconciliation thus will sort the problem on unmatching			
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		final reporting. the amount	invoices and payments			
44	Uncollected Revenue of Property Rates	Review of the revenue collection revealed that the County Executive had budgeted to collect Kshs.25,000,000 from land rates during the year under review, but managed to collect only Kshs.18,617,268, resulting in a shortfall of Kshs.6,82,732 of the budgeted revenue. Further, review of the County Executive's electronic (LAIFOMS) records revealed that the Management had	The under collection was as a result of pending court cases challenging the finance Act, 2023 that was in use during the year under review. An amount of 546,132,152 was outstanding by property owners within the county. The management has made reasonable effort to try and recover the arrears by issuance of demand notices. However, some amount is uncollectable and		1) The Office of the County Governor, in compliance with the provisions of Section 157 and 158 of the PFM Act, 2012 appoints in writing a receiver of revenue who will assist in accounting and optimization of own source revenue and provide a status report to the Auditor General within 60 days of adopting this report; 2) The County Government	60 days from the date of adoption of this report

		not collected long outstanding property rates, inclusive of interest and penalties, totalling Kshs.546,132,152 which was owed by plot owners within Kisii Municipality and other areas in the County. In addition, there were no records or other evidence indicating that Management had initiated additional measures to collect the outstanding amounts. It was further noted that the County Executive was using the valuation rolls	the management has further appointed a committee to look into the issues of uncollectable arrears. The committee has been given terms of reference and working timelines as per the minutes of the meeting which are here attached. While we concurred with the auditors' observation on the out-dated valuation roll, the management has made tremendous efforts to ensure that valuation roll is revised. A		in conjunction with the National Treasury, in accordance with the provisions of section 12(e) of the Public Finance Management Act, 2012, engage in designing and prescribing an efficient revenue collection system for automated revenue collection of all revenue streams and provide a status report to the Office of the Auditor General within sixty (60) days from the	
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		that had not been revised	consultant has been contracted to revise the valuation roll. The inception report has been done and all parcels of land within Kisii Municipality have been digitized. Draft reports of the same have been availed		adoption of this report; and 3) the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls	
45	Ineffective Revenue Collection Systems	Review of the revenue collection revealed that the during the year under review, the County Executive automated part of its revenue collection streams through the Zizi Revenue Collection System. The County Government did not	The management concurs with the auditor's observation on the shutdown of the revenue system without relevant back up. The lockout was caused by the system contract which came to an end. However,	The County Executive lacked a backup system for the Zizi Revenue Collection System, resulting in loss of access to transaction records after contract termination.	The County Government in conjunction with the National Treasury, in accordance with the provisions of section 12(e) of the Public Finance Management Act, 2012, engage in designing and prescribing an efficient revenue collection system for	60 days after the date of adoption of this report

		have any back-up of transactions that went through this system, and upon termination of contract, those information records could not be accessed. It was not possible to confirm accuracy of revenue collected during the year under review, since the management claimed that the service provider locked it out of system.	we've requested the service provider to allow us run the Revenue streams report that is attached.		automated revenue collection of all revenue streams and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
46	Uncollected Revenue from Land Lease	Review of the Memorandum of Understanding and lease agreement between County Government and a processing	The management concurs with the auditor's observation on the non-receipt of lease rentals of Kshs. 1,680,000	The County Government leased two acres of land but failed to collect Kshs.1,680,000 in rent for two years as per the agreement.	1) The Office of the County Governor, in compliance with the provisions of Section 157 and 158 of the PFM Act,	60 days after the date of adoption of this report

		company, revealed that County Government leased two acres of land to a com at Kisii Agricultural Training Centre on 21 July, 2022 for a period of a period of fifteen years, at monthly rental sum of Kshs.70,000 for the first two years of the lease, commencing on the first date of July, 2022 payable in quarterly or annually in advance. The Lessee was given one-year grace period which commenced on the date of execution of the lease agreement then starts a paying	from Avo fresh Processors Ltd. However, the management has issued a 'demand notice' to the client. The client has made partial payments towards the same and will clear the balance in due course. Annex 38a: Demand notice to Avo fresh Processors Ltd Demanding for payment	No explanation was provided.	2012 appoints in writing a receiver of revenue who will assist in accounting and optimization of own source revenue and provide a status report to the Auditor General within 60 days of adopting this report. 2) The County Government in conjunction with the National Treasury, in accordance with the provisions of section 12(e) of the Public Finance Management Act, 2012,	
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		for rent. However, at the time of audit in August 2024, it was noted that first and second years rent totalling to Kshs.1,680,000 has not been paid by lessee as per the agreement signed by the above two parties. No explanations were given for the failure to collect rent from the lessee			engage in designing and prescribing an efficient revenue collection system for automated revenue collection of all revenue streams and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
47	Anomalies in Jambo Pay Revenue Collection System	The County Government procured the services of a company to provide automated revenue collection and management system	The auditor reviewed the management's communication with the service provider where by it had raised post implementation	The County Executive collected Kshs.18,617,268 from land rates against a budgeted Kshs.25,000,000, resulting in a shortfall of	1) The Office of the County Governor, in compliance with the provisions of Section 157 and 158 of the PFM Act, 2012 appoints	60 days after the date of adoption of this report

		at the contract sum of Kshs.24,902,063 on 26 January, 2024. The County Government has started using the system. However, the following concerns were noted during audit review: i. The vendor had been granted excess control of the system through the contract agreement and implementation of the project; The Vendor was the one hosting the system and still working on it while it	issues that were to be addressed. The service provider had committed to respond to the issues as follows: i). While the management takes note of the auditor's observation, that the service provider for the revenue Management system was granted excess control on Mpesa payments, the management is now in control of the the Paybill and USSD. i) The management took note of the	Kshs.6,382,732. Outstanding property rates of Kshs.546,132,152 remained uncollected, with no evidence of recovery efforts. The valuation rolls were not updated.	in writing a receiver of revenue who will assist in accounting and optimization of own source revenue and provide a status report to the Auditor General within 60 days of adopting this report. 2) The County Government in conjunction with the National Treasury, in accordance with the provisions of section 12(e) of the Public Finance Management Act, 2012, engage in	
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		was in use, was the one in control of the paybill to which all M-Pesa payments go to before transferring the collection to the County Government revenue account. Under the circumstances, the vendor acted like the receiver of revenue for the County Government which is against the regulations. ii. The contract, allowed a transaction fee of 5.4% of the total	auditor's observation on the subject matter. However, the service provider is no longer operating and receiving revenue on behalf of the county as effective from 3rd September 2024 and the irregular deductions at source to be refunded within a period of two months by the service provider. ii) the management took note of the auditor's observation on the subject matter. However, the		designing and prescribing an efficient revenue collection system for automated revenue collection of all revenue streams and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. 3) the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address	
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		revenue collected through the system recoverable at the point of funds settlement. It was not clear how fee was to be settled by the management to service provider. The consultant was therefore collecting and receiving county revenue without due appointment as required by law. iii. The consultant's opened and operated accounts with	paybill account opened at Safaricom is under the control of the management. All revenue collected by the USSD has since been channeled to Kisii County Revenue collection Account at KCB. iii) The procurement committee relied upon the evaluation report where the system was inexistence and was in use in several counties. The system was not a new system and was already in		revenue shortfalls	
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		Safaricom for receiving county revenue. This was contrary to Section 119 of the Public Finance Management Act, 2012 on opening, operating and closing of the account. iv. There was no evidence of testing of the system before commissioning for use, no evidence of a recommendation from the system's project implementation committee of readiness to use the	use in other counties. iv) The POS machines have been delivered and are in use as at the time of the response. There was network instability as at 24th June 2024 however, by the audit review the network issued had been addressed. Annex-S11 and S13 to show receipt of 140 POS machines Annex 39a- Refunds to the County Revenue Collection Account (EFT trans)			
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[illegible]

		system implementati on minutes highlighted that out of one hundred and forty (140) Point of Sale (POS) machines, 50 were delivered, USSD of Kisiipay *414# was unreliable because of instability network and Mpesa holding account registered under Web Tribe Ltd and the county government staff has right to view only.				
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48	Weak IT Internal Controls	Review of Information Technology (IT) internal control environment revealed that the County Executive utilizes various automated systems such as the Electronic Revenue Collection and Management System, the Project Monitoring and Evaluation System, the Integrated Financial Management Information System, and the Integrated Payroll and Personnel Data system, among others, to manage its operations.	No management Response	The County Executive lacks essential IT governance frameworks, including Business and IT Continuity Plans, Disaster Recovery and Offsite Backup Plans, IT security policies, and an IT Steering Committee. Additionally, server rooms lack proper environmental controls, posing risks to ICT system security and functionality.	The management develop an IT strategic plan and institute a strategy committee within sixty (60) days of the adoption of this report and submit the same to the Auditor-General	60 days after the date of adoption of this report
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		However, the County Executive lacks Business and IT Continuity Plans, a Disaster Recovery and Offsite Backup Plan, an ICT Capacity Building Training Program, Environmental Controls policies and procedures, an IT Security/Risk Management Policy, and an approved IT Steering Committee to ensure the proper functionality and security of ICT systems and resources. In addition, the server rooms do not have humidity and temperature control systems.				
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49	Weaknesses in Internal Audit Function and Audit Committee	Management of the Kisii County Executive did not provide any evidence in form of reports on actions on recommendations of the internal auditor's recommendations nor explanations in writing on why the internal audit report has not been acted upon. This was contrary to Regulation 155(2) of the Public Finance Management (County Governments) Regulations 2015. Further, the Internal audit function was	Management takes note of the auditor's observation that county executive did not provide any evidence in form of reports on actions on internal auditor's recommendations by the time of audit review. The CECM finance based on the internal audit reports received, has since written to departmental chief officers to take note and act on the internal audit recommendations. Management has so far trained four	The County Executive did not act on internal audit recommendations or explain the inaction. The internal audit function lacked facilitation, was not in the staff establishment, and had no clear reporting lines. The Audit Committee was not reconstituted after its tenure expired in July 2023, despite requests from the Head of Internal Audit	3) The county Executive expedites sufficient staffing of the audit committee 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. 4) The Salaries and Remuneration Commission (SRC) to review the compensation framework for Audit Committee members since the low sitting	60 days from the date of adoption of this report
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		not adequately facilitated to perform its functions such as trainings and field visits. Funds for in daily subsistence allowances, vehicle and fuel were unavailable despite the unit having a budget and work plan of activities to carry out during the year. It was also noted that the internal audit function did not exist in the staff establishment. Therefore, the administrative and functional reporting lines for the Internal Auditor could not be established. The	officers from audit department on IPSAS Accrual. Further the management has allocated one vehicle 45CG019A to be used by the department during field visit. The management has provided budgetary provision of fuel totaling to Kshs 300,000 in the financial year 2024/2025. On field allowance the management is yet to make budgetary provision. Management regrets that the		allowances may not attract seasoned professionals to the county Audit Committees	
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		County Executive also did not have audit committee in place since July, 2023 when the previous one's tenure expired. The Head of Internal Audit had on three occasions written to the CECM, Finance and economic planning on the above anomaly with no reaction from the accounting officer to constitute an Audit Committee.	staff establishment provided during the time of audit was erroneous. However, the correct staff establishment has been provided for verification. Management concurs with the auditor's observation that the county executive does not have audit committee. The previous audit committee expired in July 2023. However, Management is in the process of forming a new audit committee as advertisement			
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			for the same has already be done			
50	Lack of an Approved Staff Establishment and Organogram	The Kisii County Public Service Board had not consolidated an organizational wide staff establishment showing the current compliment data and staffing needs throughout the organization. Similarly, the County Executive lacks an updated organogram showing the organizational structure to illustrate the relationships between departments, superiors, and subordinates clearly.	The County Public Service Board (CPSB) has complied a draft organizational-wide staff establishment showing the current complement data and staffing needs throughout the organization. The CPSB is in the process of presenting the Draft Organizational-Wide staff establishment to the County Executive Committee (cabinet) for	The County has no approved staff establishment .	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.	60 days from the date of adoption of this report

			review and approval.			
51	Staff Acting Without Formal Appointment	Review of the County Executive's operations revealed that most positions in middle to high levels of management were not substantively filled and various members of staff performed duties in acting capacity without formal appointments. Absence of an approved staff establishment made it hard to identify the gaps in staffing, especially in the capacity of Deputy Director and Directors. Similarly, there were four	Whereas the County Public Service Board acknowledges succession gaps in some departments, the Board has endeavored to fill most of those positions substantively through the recruitment process. For instance, the February 2024 advertisement filled some positions of chief officers and some directors, whereas the June 2024 advert will also address some	The County Executive had many key management positions filled in an acting capacity without formal appointments. The lack of an approved staff establishment made it difficult to assess staffing gaps, and four departments lacked substantive Chief Officers	The County Executive should finalize and approve a staff establishment plan, ensure formal appointments for acting personnel, and urgently recruit substantive Chief Officers for the vacant departments	60 days from the date of adoption of this report

		departments without substantive Chief Officers, namely Departments of Agriculture and Co-operative Development, Medical Services, Economic planning and ICT, Infrastructure and Roads.	gaps. Currently there is an advertisement to fill the aforementioned positions. (Attached find an advert for reference) Similarly, the county is in the process of putting in place a succession management policy to help address the succession challenges. Among the strategies the county will utilize to address the challenges include issuing internal adverts to fill mid-			
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			level management positions competitively as well as conducting suitability interviews to confirm those in acting capacities. The county Public Service Board has compiled a draft organizational-wide staff establishment showing the current complement data and staffing needs throughout the organization. The CPSB is in the process of presenting the Draft Organizational-Wide staff			
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			establishment to the County Executive Committee (cabinet) for review and approval. The Board also noted that some departments appointed officers to acting capacity without involving the County Public Service Board, However the Board is in the process of taking corrective actions as per the law (section 64 of the CGA, 2012)			
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF BOMET COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
REPORT ON FINANCIAL STATEMENTS						
1.	Unexplained voided Transactions	Review of records revealed that eight hundred and forty-five (845) transactions in IFMIS amounting to Kshs.1,276,353,752 were voided. However, supporting documents including voided payment vouchers, requests to void payments, the National Treasury approval and Exchequer requisitions from the Controller of Budget were not provided for audit review.	Voiding is process of reversing transactions in IFMIS due to a number of reasons; -Payments and invoices that have not gone through Internet banking at the end of the financial year. This is a requirement that all un-cleared transactions are voided in readiness for audit exercise as part of Year-end closing procedure of system cleaning and also to pave way for uploading of budget into the IFMIS for the succeeding financial year.	The Management did not provide the required documentation.	1. The Committee requests the Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the 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	60 from date adopted this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		Further, the voided payments were not disclosed as pending accounts payable.			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 other activities not initially approved. 4. The Committee recommends that the EACC should expedite investigations on the	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
					matter in line with the Controller of Budget Act.	
2.	Inaccuracy of acquisition of strategic stocks and Commodities	The statement of receipts and payments reflects acquisition of assets amounting to Kshs. 1,273,845,260. The amount included acquisition of strategic stocks and commodities totaling Kshs. 32,000,000 whose review of records revealed that it related to supply of milk to Early Childhood Development and Education (ECDE) Centers in the County paid for in advance. Further, the amount differed with actual payments made to the supplier totaling Kshs.45,811,570 resulting in an unreconciled variance of Kshs. 13,811,570.	The strategic stocks and commodities amount of Kshs.32,000,000 for supply of milk to ECDE centers in the County by New KCC was an expenditure for the financial year under review, however the amount of Kshs. 13,811,570 as noted was an expenditure for the financial year 2022-2023 which was invoiced on 29th June 2023 and posted in the cashbook at the close of the year and reported accordingly in that financial year but was part of the clearing transaction in the bank in July 2023. The payment voucher of Kshs. 13,811,570 indicating the approval dates and processing periods has been	The Management has explained and provided documentation that shows that the expenditure of Kshs.13,811,570 appertained to the financial year 2022/2023.However, The Management did not provide evidence that the variance is being reconciled.	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 Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure	60 from date adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			availed for verification and a copy has been provided		(s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
3.	Inaccuracy of pending accounts payable	Other Important Disclosures in Note 1 to the financial statements reflects pending accounts payable totaling Kshs. 1,021,785,351 as further disclosed in Annexure 2 to the financial statements. The amount includes pending accounts payable totalling Kshs. 123,910,721 which were not supported by payment vouchers and contract documents. The balance also includes an amount of Ksh.2,000,000 owed to Council of Governors in	It is true that pending accounts payable totaling Kshs. 1,021,785,351 was reported during the year. The county government has accrued pending bills over the years which are always vetted for eligibility before making payments. The completeness of the documents are always checked and listed as eligible pending bills. The pending bills amounting to Kshs. 123,910,721 are well supported by payment vouchers which have been fully documented and availed for audit	The Management provided twelve (12) out of eighty (80) payment vouchers that make a total of Kshs.123,910,721. The resolution minute for the amount of Kshs.2,000,000 payable to Council of Governors was not provided. Further, no evidence was provided to show that Kshs.24,081,551 had been disclosed in the	1. 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 2. that- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015,	60 from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		respect to operational expenses which ought to have been incurred by the National Government. Further, review of legal files revealed that the court awarded a total of Kshs. 24,081,551 in favor of the plaintiffs in respect of three (3) court cases which has not been paid. However, the amount was not disclosed as pending accounts payable.	verification. The amount payable for council of Governors is an amount that was discussed and passed through a resolution by council of Governors for an Annual devolution conference. Further, the court awards of Ksh. 24,081,551 had been disclosed as contingent liabilities and was still yet to be determined following an appeal in the court of appeal.	pending bills list as at 30 June, 2024.	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 exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement	
2	Pending Bills	Other important disclosures includes pending bills amounting to Kshs. 226,671,943 relating to 2022/2023 and earlier years which should have been paid as a first charge in the financial year 2023/2024	The county government has accrued pending bills of Ksh 715 million from the previous years at the close of the financial year 2022-2023. The pending bills were paid on priority basis remaining with an amount of 226,671,943 as observed. As at the end of February 2025	The Management has not provided satisfactory explanation why the pending bills did not form the first charge during the financial year 2023/2024.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			a number of pending bills have been processed while others are on progress. The county government is committed to ensuring that all pending bills are settled.		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 the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
					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.	
Emphasis of Matter						
1.	Budgetary control and Performance	The statement of comparison of budget and actual amounts reflects final receipt budget and actual on comparable basis amounting to Kshs.8,521,100,308 and Kshs. 6,508,445,326, respectively, resulting to an underfunding of Kshs.	It's true that there was underfunding which resulted from unrealized revenue from various sources which include equitable share, transfers from other government agencies including conditional grants. Furthermore, the late realization of revenue also	The Committee observed that the delays in receiving exchequer releases from the National Treasury coupled with the under-collection of its own source revenue hampered the	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 comply with Article 219 of the Constitution and Section	Conti

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		2,012,654,982 or 24% of budget. Further, the County Executive budgeted to spend an amount of Kshs.8,521,100,308 but spent Kshs.6,496,467,460 resulting to under expenditure of Kshs.2,024,632,848 or 24% of budget.	affected planning and implementation of county programmes. This greatly hampered implementation of planned activities for Bomet County government.	entity's budget execution.	17(6) of the Public Finance Management Act, 2012; and 2) The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.	
Other Matter						
	Unresolved Prior year Matters	In the audit reports of the previous year, fifteen (15) issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However,	It's true that there were a number of issues that had been raised in the prior year. The management always take cognizance of those issues and endeavor to make the necessary actions to improve on the financial operations of the county government and ensure that the residents of Bomet get value for money.	Although the Management has provided the information that the issues were resolved and some in work in progress stage, no evidence was provided to show how the issues were resolved.	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 Office of the Auditor General within sixty (60)	60 from date adopted this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		Management has not resolved the issues or given any explanation for failure to resolve the issues.	Most issues that had been identified have been resolved through continuous improvement by capacity building, engagement with stakeholders including the county assembly through its committees to deliberate on specific pertinent issues raised. A number of issues that are work in progress are still pending as it awaits the completion of regulatory framework and policy formulation. An example is the low revenue performance over the years which we have initiated a bill for administration of revenue that enhances enforcement.		days of the adoption of this report.	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
1. Routine Maintenance of Roads						

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
1.1	Routine Maintenance of Magiger - Kakelei - Cheramgoi Road	The contract for the construction of 1.9KM Magiger-Kipkelei-Cheramgoi Road was awarded for a contract sum of Kshs.3,238,865. However, review of records revealed that the contract was signed on 28 November, 2023, four (4) days after notification of award to the contractor on 24 November, 2023. Further, the Project was not included in the County Integration Development Plan (CIDP) and Annual Development Plan (ADP) for the financial year 2023/2024. In addition, Request for Quotation (RFQ) method of procurement was used to identify the contractors.	This contract was procured using RFQ method in IFMIS as per the executive order no 2 of 2019 that required all procurement transactions to be done online through IFMIS system and the LSO is generated in real time once the procurement process has been completed and notifies all the participants of any decisions made. It had been noted that the IFMIS system has not been mapped to include other procurement documents namely professional opinion, notification of award, Acceptance, award letters and contract agreements. This has necessitated the use of manual documents including the contract agreement which we designed to affirm and convey the terms and	The Management has not provided satisfactory explanation. It also admitted that it did not follow the provisions of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 as noted.	1. The EACC initiates investigation with view prosecuting the Head Procurement for failing to comply with the various provisions Public Procurement and Disposal Act, 2015 that prohibit irregular procurement of goods and services 2. The Kenya Institute of Surveying and Mapping (KISM) initiates disciplinary action(s) against responsible procurement officer pursuant to Section 23 (1) (d) of the Supplies Practitioners Management Act CAP 53 gross negligence in the conduct of their professional duties constitutes a professional misconduct.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		However, the quotations from the contractors were not provided for audit review.	conditions of the contract. However, the requirements of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 has been noted. Additionally, the bidder who was awarded the contract was the lowest evaluated and was notified for award while the rest were furnished with regret letters of their losing the bid and no complaints were received as to the spirit of fairness as anticipated by the time frame allowable for any such complaints. The project was in the CIDP but the naming in the CIDP had been indicated as Kapkelei-makiker road which was later tendered as Magiger -Kapkelei – Cheramgoi Road. Due to the			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			heavy rains that eroded the road The file that was submitted was the contract file containing the documents for the contractor; bidder who won the contract. Quotations from other bidders were evaluated and filed, they are provided.			
1.2	Construction of Kiswahili- Njerian Bridge connecting Silibwet Township and Merigi ward	The contract for the construction of Kiswahili- Njerian Bridge connecting Silibwet Township and Merigi ward was awarded for a contract sum of Kshs.4,972,664. However, the contract was signed on 9 January, 2024 approximately four (4) days after the notification of the award dated 5 January, 2024	This contract was procured using RFQ method in IFMIS as per the executive order no 2 of 2019 that required all procurement transactions to be done online through IFMIS system and the LSO is generated in real time once the procurement process has been completed and notifies all the participants of any decisions made. It had been noted that the IFMIS system has not been mapped to include other procurement			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		Further, the Project was not included in the County Integration Development Plan (CIDP) and Annual Development Plan (ADP) for the financial year 2023/2024. Physical verification of the project on 17 September, 2024, approximately two (2) months after the contract period lapsed on 9 July, 2024 revealed that the Project was incomplete with rock fill approaches from both sides of the river not completed, standard gabion boxes not compacted as per the specifications and the mesh to the sides of vertical protection cage members of the bridge had not been	documents namely professional opinion, notification of award Acceptance, award letters and contract agreements. This has necessitated the use of manual documents including the contract agreement which we designed to affirm and convey the terms and conditions of the contract. However, the requirements of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 has been noted. The project was well captured the CIDP for the county government. The Bridge was prioritized after a public outcry from the residents when school going children could no longer cross the flooded banks of Nyongores river. The project			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		done. The contractor was not on site. In addition, Request for Quotation (RFQ) method of procurement was used to identify the contractors. However, the quotations from the suppliers were not provided. The tender opening minutes, tender evaluation minutes, substantial inspection and acceptance minutes show that three (3) officers opened and evaluated the tenders, inspected and certified the works thereby demonstrating lack of segregation of duties in the procurement.	was also delayed by the raging waters that led submerged the working area for construction as per the attached pictorials. The public outcry was received during the prolonged abnormal rains and it became urgently necessary to procure a foot bridge for school going children across River Nyangores. During the time of audit, the construction of the project was ongoing but had been halted by the excessive breakage of the river banks due to heavy rainfall. However, the contract was extended in the month of October 2024 for another period of three months. The contractor reported back on site and executed the remaining works to			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			completion and has been opened for public use. Further, the Procurement process through RFQ was done online through the IFMIS system. The process of requisitioning, Opening and evaluation in the system is spontaneous due to the limited users that had been mapped into the system, the manual backup of other members appointed as opening and evaluation committee was approved for segregation. The Inspection and acceptance committee and project implementation committee for certification of works were done by different appointed members. The pictorials indicating the progress report has been availed and also			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			appointment of adhoc inspection and implementation teams have been availed for audit verification as; Annex 8;- Inspection and acceptance committee and project implementation committee, Annex 7 -extract of CIDP			
1.3	Construction Works - Nyatembe-Tilanik Road	Records available shows that the construction works of Nyatembe-Tilanik Fashion Road was entered into a contract sum of Kshs.2,950,512. However, the project was not included in the Annual Development Plan for 2023/2024 financial year. Physical inspection of the project carried out on 19 September, 2024 revealed that only five hundred	The project is in the CIDP. See the attachment of an excerpt of the CIDP. The Project was halted by heavy rains during the execution period and a section of 500 meters had been severely affected. At the time of audit, the contractor had just been recalled on site to redo the section of the road. (Pictorials, certificate of completion) The file containing the documents and quotations			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		meters (500m) of the entire works of 1.9 Km had been done and the contractor was not on site. No evidence was provided to show that Management had intention to impose penalty at thirty percent (30%) of the contract price for breach of contract in line with clause 6 of the contract agreement. Further, request for quotation (RFQ) method of procurement was used. However, the quotations from the bidders, quotation opening minutes, evaluation minutes, professional opinion, notification of award and the contract were not provided for audit review.	from bidders for the contract has been provided for audit verification and copies have been attached as;- Annex 9- - 9a Pictorials, certificate of completion) - 9b The quotations from the bidders, quotation opening minutes, evaluation minutes, professional opinion, notification of award and the contract.			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		In the circumstance, the residents of Bomet County may not get the intended benefits from the use of Nyatembe-Tilanik Road.				
1.4	Routine maintenance of Mochieket Road	Records available shows that the maintenance and construction of 2.6Km Mocheiket Road was entered into at a contract sum of Kshs 4,855,253. The contract was signed on 1 December, 2023, twelve (12) days after the notification of award on 19 November, 2023. This was contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which states that the written contract shall be entered into within the period specified in the notification but not before	This contract was procured using RFQ method in IFMIS as per the executive order no 2 of 2019 that required all procurement transactions to be done online through IFMIS system and the LSO is generated in real time once the procurement process has been completed and notifies all the participants of any decisions made. It had been noted that the IFMIS system has not been mapped to include other procurement documents namely professional opinion, notification of award Acceptance, award letters and contract agreements.			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		fourteen days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period. Further, the contract had been fully paid. However, physical verification revealed that drainage works had not been done leading to development of gullies as a result of erosion during past rain seasons.	This has necessitated the use of manual documents including the contract agreement which we designed to affirm and convey the terms and conditions of the contract. However, the requirements of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 has been noted. ii. The contractor had not been fully paid since the retention had not been released to cover for defects. The contractor was instructed to make good the defects by completing the drainage works before release of retention money.			
2	Rehabilitation of Zero Two Steel Foot	The contract for the rehabilitation of zero two steel footbridge at Ndaraweta-Singorwet	The Project was so emergent because of heavy rains in the year November 2023 which led to the collapse of the bridge due to flooding and		1. The County Executive establishes a project management and	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
	Bridge at Ndaraweta	Bridge was awarded for contract sum of Kshs.3,826,260. However, records available revealed that the bidder was notified of the award on 24 November, 2023 while the contract was signed on 28 November 2023 approximately four (4) days after the notification of the award contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which states that the written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification provided that the contract is within the	had not been anticipated. Such emergent outcomes henceforth shall be covered by the emergency fund which has been established and is currently before the county assembly for approval. Further the amount of certified works was Kshs 3,826,260 but had been erroneously captured omitting the 2% withholding tax of Kshs 65,697. Procurement process through RFQ was done online through the IFMIS system. The process of requisitioning, Opening and evaluation in the system is spontaneous due to the limited users that had been mapped into the system, the manual backup of other members appointed as opening and evaluation		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	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		tender validity period. The Project was also not included in the County Integration Development Plan (CIDP) and Annual Development Plan (ADP) for the financial year 2023/2024 Further, the interim certificate dated 4 January, 2024 indicates that works certified for payment amounted to Kshs. 3,760,562.57 which differs with the completed works totalling Kshs 3,826,260 reflected in work completion certificate resulting to unexplained variance of Kshs 65,697. In addition, tender opening minutes, tender evaluation minutes, substantial inspection and acceptance	committee was approved for segregation. The Inspection and acceptance committee and project implementation committee for certification of works were done by different appointed members. Annex 9d;- Inspection and acceptance committee and project implementation committee.		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 OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		minutes show that three (3) officers opened and evaluated the tenders, inspected and certified the works. Consequently, there were no segregation of duties in the procurement.				
3	Chebunyo Dairy Milk Processing Plant	Records available revealed that the County Executive entered into partnership agreement with World Vision Kenya on 10 April, 2019 for the establishment of Chebunyo Dairy Milk Processing Plant Cooperative Society for an amount of Kshs 85,540,048. The contract for construction of a milking processing plant and supply of a number of milk processing equipment at Chebunyo was entered at				

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		a contract sum of Kshs 13,467,752 for a contract period of six (6) months and was signed 4 June, 2019. Another six (6) weeks contract was signed for the supply, installation, training and commissioning of milk processing plant at a contract sum of Kshs. 43,520,000 that was to be paid by Chebunyo Dairy Cooperative Society through support by World Vision Kenya. However, the milk processing equipment procured for Kshs. 45,870,000 was delivered on 16 July, 2020 but had not been installed and the contractor was not on site. No explanation was				

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		provided for delayed installation of the equipment.				
4. Acquisition of Land						
4.1	Irregular acquisition of Land	Records available revealed that the County Executive purchased thirteen (13) parcels of land at a cost of Kshs. 198,282,000 during the year under review. The amount of purchase price paid during the year totaled Kshs 122,778,000. However, the balance of Kshs. 75,504,000 in respect of deceased vendors was paid to third parties without evidence of letters of administration of the estates of the deceased being provided for audit review.	The County Government of Bomet Department of Lands, Housing and Urban Planning has availed the Letters of grant of administration of the estate issued to the administrators Kiptonui koske Sammy and Reuben Paul Korir under succession cause no. E051 OF 2023 and Stanley Kiplangat Tonui & Rachael Chepkorir Tonui for Succession cause No E058 OF 2023. (Attached in Annex 10) □ Certificate of Confirmation of grant (copy attached) was issued on 24 th July,2024 with the Vendors	Although the Management has provided the required letters of administration, it has explained that it yet to obtain title deeds of the parcels of land acquired and that the registration of succession documents is ongoing.	1. The Committee recommends that the County Executive provides a recovery plan, including withholding any pending payments related to the land acquisition. 2. Surcharge and Sanction Responsible Officers with a view of recommending their prosecution for committing the offences stipulated under Section 9 (2) (c) and 107 (1) of the Land Act, 2012.	60 from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		Further, title deeds for the pieces of land purchased had not been obtained and the County Executive had not taken possession of the land.	to the County Government of Bomet being a Beneficiary with 12 acres. ☐ Mutation (Copy attached Annex 10) has been prepared and fully signed by the Administrators. Further the county has started the Titling process of the above land with the following processes having been accomplished; ☐ Surveying and Beaconsing of the 12acres. ☐ Contract Sale agreement prepared between County Government of Bomet and the administrators of the estate. ☐ Currently registrations of the Succession documents are ongoing to ascertain the successors are registered to purpose other eventual processes through the normal land control boards			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			and thus acquisition of Title Deed in the name of County Government of Bomet reserved for the proposed new County Stadium. County Government of Bomet has this FY 24/25 provided a budget for developing the above stadium and thus physical possession. Further, all County sports activities takes place on the parcel from the period of acquisition to date. Athletics Kenya Marathon was conducted in Bomet County early this year within this parcel.			
4.2	Avoidable expenditure on acquisition of Land	Review of records revealed that a land seller filed legal proceedings against the County Executive for failure to pay the outstanding purchase price	The County Government of Bomet acquired land parcels Kericho/Ndubai/968,1296 and 1219 for public purposes and signed a Contract Agreement on October 2014 with a payment of 90% of	The suit charges were later dropped and the matter settled out of court and the parties made an agreement that the		60 from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		amounting to Kshs. 575,000 being price for the purchase of three (3) parcels of land. The contract for the purchase of land was signed on 22 October, 2014. The suit charges were later dropped and the matter settled out of court and the parties made an agreement that the plaintiff be paid the unpaid amount and interest totaling Kshs 1,295,000 as penalty for the late payment on 24 January, 2024. The costs of the case totaling Kshs. 253,480 were also to be paid by the County Executive Had the purchase price been paid within the contract period of ninety (90) days, the penalties, interest and costs of the	the Total Sum agreed. The remaining 10% was a Retention to be paid upon transfer of the parcels of lands to the County Government of Bomet. The Proprietor of the land went missing for Eight years until 2022 making the transfer process hard to go by. He appeared shortly and after efforts were made to initiate the transfer of ownership as per the agreement he demanded clearance for payments prior to execution of land transfer processes. He immediately filed a Court Suit ELC. NO. E18 OF 2022 against the county government and the verdict was made to award the plaintiff to be paid the said amount.	plaintiff be paid the unpaid amount and interest totaling Kshs.1,295,000 as penalty for the late payment on 24 January, 2024.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		case totaling Kshs. 1,548,480 would have been avoided.				
5.	Lelaitich sweet potatoes Co-operative Processing Plant	Records maintained at Department of Agriculture, Livestock and Cooperatives and Lelaitich Community through Lelaitich Cooperative Society indicate that it was agreed to expand and equip a sweet potato processing plant from initial cottage industry to a modern bakery plant. The Project was jointly funded by the County Government of Bomet and World Vision Kenya for Kshs 13,050,000 and Kshs. 5,861,174.46, respectively The Project was handed over on 28 September 2021.	The project was completed and handed over on 28 September 2021 to Lelaitich Sweet Potatoes Cooperative Society Ltd to run it. Part of the Handing over documents attached and began the production of value-added breads, (photos attached). The Plant was run well by the Society from that period but reportedly experienced financial management challenges in May, 2024 and suspended operations. We have since held several meetings with them and agreed to financially support them with Ksh 500,000 seed money to begin operations again.	1. Physical inspection of the plant on 17 September, 2024, revealed that the machines donated by World Vision Kenya had not been put to use. 2. The Management has not has confirmed that the processing plant had experienced financial management challenges in May, 2024 and	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 Days from the date of adoption of this report;	60 from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			To ensure that going forward, the plant is run in a sustainable manner, we are seconding competent staff to assist them put internal controls and systems in place. The staff will be redeployed back once the Society became stable. The evidence indicating that the plant had been operational has been availed for verification	ceased operations.	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 OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
6.	Proposed completion of Fresh Produce Pack house at Youth Farmers Trading centre	The contract for the construction and completion of fresh produce pack house at Youth Farmers Trading Center at a cost of Kshs. 13,982,798 for a period of six (6) months was awarded on 12 June, 2019 vide Local Service Order (LSO) No. 007381 Review of records revealed that the	Due to budgetary constraints, we are implementing the project in phases. We are budgeting KES 3 million in the following financial year for completion of plumbing works, pending part of the fence and gate and pending works in the building (CFSP 2025). The purchase of land was purchased procedurally	The Management has confirmed that the project is yet to be completed. Further, the Management did not provide a copy of title deed for verification.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		contractor was paid Kshs. 4,041,086 on 30 March, 2020 and Kshs 3,184,384 on 25 June, 2020 all totalling Kshs. 7,225,470. However, physical inspection carried out on 24 September, 2024 revealed that electricity installation and connectivity, fencing, plumbing works and plastering of walls and tiling of the floor had not been completed and the Project had been abandoned as the contractor was not on site. In addition, the pack house was constructed on 1.8-acre parcel of land that was purchased. However, the title deed for the land was	through the department of land. Search was done and there were no inhibitions, cautions and restrictions. However, the land is under succession and was well captured in the sale agreement (Attached). Once completed the project will assist our farmers in Bomet County in aggregation, storage and sale of horticultural produce. We registered a Cooperative Society named LEKIMBO YOUTH FARMERS COOPERATIVE SOCIETY LTD in the following financial year that will run the project once complete.			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		not provided for audit review.				
7	Delayed completion of Health Facilities					
7.1	Delayed Completion of Dr. Joyce Laboso Memorial, Mother and Child Wellness centre	The Management entered into a contract on 27 April, 2022 for the construction of Dr Laboso Memorial Mother and Child Wellness Centre at a contract sum of Kshs. 296,937,205 for a period was eighteen (18) months. Records available indicated that the contractor had been paid an amount of Kshs 286,847,449 or ninety-seven (97%) of the contract sum. The contract period expired and was extended for six (6) months	The County Government of Bomet with the support of the Kenya Devolution Support Program (KDSP) set forth to put up an ultra-modern hospital to cater for the health of women and children among others in the County of Bomet. There is in place a project implementation committee that monitors the performance of the contractor to ensure that deliverables and performance obligations have met accordingly before	The Contractor had requested for the extension in April 2024 but the approval was granted on 19 September,2024 three (3) days after verification had been done by the auditors who had noted that the works were not complete. Further, the title deeds of the parcels of land were		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		up to 30 April, 2024. However, physical verification of the Project on 16 September, 2024 revealed that electricity connection, fittings, septic tank, cabro laying and levelling. painting, roof sealing, partitioning of wards, run-way and complete fencing with chain link had not been done. Further the contractor has not sought a further extension of the contract but was still on site without a valid contract. In addition, the Project stands on three (3) parcels of land out of which two (2) parcels do not have title deeds, nine (9) years after acquisition.	payments are certified for processing. During the time of audit, the contractor had requested for an further extension of contract for 12 months which had been extended in two parts for 6 months and another six months was granted after deliberation on the request of the contractor. Further the titling process of the land is still ongoing and the succession process are near completion The extension of contract has been availed for audit verification as Annex 13- Extension of contract.	not provided for verification.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
7.	Stalled project – Completion of Sigor Theatre	Review of records revealed that the construction of Sigor Sub- County Hospital theatre at a contact price of Kshs. 3,996,940 was to commence on 20 August, 2019 and was to be completed on 20 November, 2019	The contractor didn't adhere to the BQs specifications and terms of contract. When the contractor was instructed to demolish the structure and make good the defects, he prematurely left the site. Efforts to follow up took time and finally the contract elapsed by effluxion of time. Thereto, the plans are now in place to complete the project including equipping it during the FY 2024/2025 and FY 2025/2026. So far the tender has been awarded to a new contractor and is ongoing. The award letter for the new contractor has been availed for audit verification as; Annex 14- Contract Letter	Physical verification of the Project on 17 September 2024 revealed that the Project stalled at slab level and the contractor abandoned the site after being paid an amount Kshs.2,243,910 of the contract price. Five (5) years have elapsed after the date of completion of 20 November, 2019 and no effort has made to ensure completion of the Project.		
8.	Irregular Water Works				1) The EACC initiates an investigation with view of prosecuting	60 from
8.1	Irregular contracts on	Review of records revealed that contractors for seven	This contract was procured using RFQ method in IFMIS	The Management has not provided		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
	construction of water works and water pans	(7) water works and four (4) desilting of water pans were paid a total of Kshs. 15,555,845 and Kshs. 13,338,030, respectively. However, the respective contract agreements were signed before lapse of fourteen (14) days from the date of notification of awards contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which states that written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period.	as per the executive order no 2 of 2019 that required all procurement transactions to be done online through IFMIS system and the LSO is generated in real time once the procurement process has been completed and notifies all the participants of any decisions made. It had been noted that the IFMIS system has not been mapped to include other procurement documents namely professional opinion, notification of award, Acceptance, award letters and contract agreements. This has necessitated the use of manual documents including the contract agreement which we designed to affirm and convey the terms and conditions of the contract.	satisfactory explanation.	the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services. 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 CAP 537 for gross negligence in the conduct of their professional duties	adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			However, the requirements of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 has been noted.		which constitutes a professional misconduct.	
8.2	Irregular award of contracts for Provision of Pipeline Works	Review of records revealed that five (5) local contractors were paid a total of Kshs.20,094,800 for provision of pipeline works. However, the respective contracts were signed before fourteen (14) days elapsed after notification. This was contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015 which states that written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed	This contract was procured using RFQ method in IFMIS as per the executive order no 2 of 2019 that required all procurement transactions to be done online through IFMIS system and the LSO is generated in real time once the procurement process has been completed and notifies all the participants of any decisions made. It had been noted that the IFMIS system has not been mapped to include other procurement documents namely professional opinion, notification of award Acceptance, award letters and contract agreements.			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		following the giving of that notification provided that a contract shall be signed within the tender validity period. Further, one contract was signed by both parties before notification of award and one (1) contractor submitted request for quotation document on 9 October, 2023 four (4) days after the closing date on 4 October, 2023. In addition, the members of the opening and evaluation committees were not appointed by the Accounting Officers.	This has necessitated the use of manual documents including the contract agreement which we designed to affirm and convey the terms and conditions of the contract. However, the requirements of Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 has been noted Further the appointment letters have been availed for verification			
8.3	Irregular Contract variation	Review of records revealed that the contract for the construction of Mogombet	The management is cognizant of the requirements of the law and			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		T-Works to Asaik Storage Tank pipeline was awarded to a local contractor at a contract sum of Kshs 11,908,040 for a contract period of six (6) months with effect from 23 March, 2021 to September, 2021. The contractor was paid an amount of Kshs. 5,250,000 in the year under review. However, physical verification done in the Month of September, 2024 revealed that the Project was not complete, three (3) years after the scheduled completion date. No effort seemed to be made to ensure completion of the Project. Further, HDPE pipes had been laid for one (1) Kilometer length distance	endeavor to ensure that its adhered to and also commit itself to completion of stalled projects as noted. The pipeline is of DN 160mm, 3100m which begins at Mogombet T-works to Aisaik Tank. Construction of Aisaik Rising Main has been done to completion. The line is currently serving Asaik tank which in turn serves the surrounding community. The contractor has been paid 44% of the contract value. With the change of pipes from Galvanized Iron (GI) to HDPE pipes of similar pressure ratings which was documented with the instructions from the Engineer through approved site instructions rates for HDPE pipes availed for the variation of the works			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		instead of Gi pipes costing Kshs.4,692,000 in the bills of quantities. However, the variation was not approved. In addition, back filling in some parts of HDPE pipes were not completed.	affected payment of the works now that the contractor has completed works with only a part payment of 44% paid.			
9. Irregular legal Expenses						
9.1	Civil case No 1 of 2019 in the High court of Bomet.	The County Executive was sued for wrongfully termination of contract for the provision of consultancy services to develop Bomet County Spatial Plan for the year 2017-2026 at a contract sum of Kshs 34,459,907. A legal firm was contracted to represent the County at a cost of Kshs 4,500,000 which was paid in full. However, legal services were directly procured and no explanation was	In the instant suit, the firm of MMS Advocates LLP was contracted to represent the County. The firm was identified from a list of prequalified lists based on its experience. An agreement was then entered into with respect to remuneration pursuant to Section 45 of the Advocates Act and the Advocates Remuneration Order 2014. Attached herewith is a copy of the	The County Executive had not settled Pending Bills related to Legal Fees subject to accumulating interests at the time of Audit.	1. The County Executive should utilize its legal department and make adequate efforts to pay the Pending Legal Fees that have already undergone taxation and submit a status report to the Auditor-General sixty days from the date of adoption. 2. The County Executive to make a provision in its budget for contingency liability in respect of legal fees	60 da from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		provided for use of direct procurement method. Further, the procurement was not approved by the Accounting Officer, the prices were not negotiated and was not reported to the Public Procurement Regulatory Authority. In addition, the court ruled in favor of the consultant and the County Executive was ordered to pay the plaintiff a total of Kshs. 12,446,040. However, the amount has not been paid to date. This outstanding amount continues to attract interest which is avoidable if the court award had been paid. Fee notes detailing the services rendered were	approved list and the service level agreement. The decretal amount has been partially settled		pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		also not provided for audit review.				
9.2	ELRC Case No. E019 of 2023 in Kericho	A former Managing Director sued Bomet Water and Sanitation Company and the County Executive on 16 October, 2023 for unlawful termination of employment. The court ruled in favor of the claimant and the County Executive was ordered to pay a total of Kshs.8,789,580 with interest of 14% from 16 October, 2023 which has not been paid to date in addition to paying the costs of the suit. The interest has since accrued to Kshs. 1,025,451. This resulted to avoidable expenditure totalling Kshs.9,815,031.	The Claimant in the instant suit was seeking Kshs 15 Million for unfair dismissal. However, the court awarded Ksh.8,789,580.00 being outstanding salary (KSH.1,932,000), loan deductions due to Platinum Credit(Ksh.134,316),Loan deductions due to Faulu (Ksh 2,014,264) Lap Trust (Ksh1,562,500), 6 months' salary and interest thereon. The amount has been partially paid i.e. Ksh.3,000,000/-	The County Executive had not settled Pending Bills related to Legal Fees subject to accumulating interests at the time of Audit.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
9.3	Nakuru Court of Appeal taxation No 20 of 2018	A law firm filed a taxation suit against the County Executive demanding taxation payment according to the Advocates Remuneration Order, 2014. The court ruled that the law firm should be paid an amount of Kshs.2,754,450 as advocate's bill of cost, taxation fee amounting to Kshs. 137,723 and 14% interest effective 7 October, 2020. As at the time of audit in September, 2024, the accrued interest due to the non-payment of the dues had accumulated to Kshs. 1,619,616. Had the taxation amount been paid, expenditure totalling Kshs.4,374,066 would have been avoided.	Instructively, Court decrees attract interest at prevailing court rate, I have advised the County Treasury to prioritize such payments as and when they fall due to avoid further penalties subject to budgetary allocation.			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
9.4	Long outstanding Legal Cases	Review of records revealed that the County Executive has a total of thirty-four (34) long outstanding cases which includes two (2) cases on non-payment of legal fees totalling Kshs.82,000,000 which have been outstanding for over eight (8) years awaiting ruling. The delays have resulted in escalating expenses. In addition, private advocates were contracted to represent the County Government in ten (10) cases despite having a County Attorney with legal officers.	Delays in finalizing court matters especially in the Court of Appeal was as a result of the court not sitting. In instances where party is responsible for delay, the county government has successfully applied for dismissal for want of prosecution. The department engaged the services of external lawyers previously before recruitment of County attorney. The county has since built capacity of the office by recruiting a county solicitor and additional legal counsel to cut cost.			
10.	Supply and Delivery of Heavy Road Maintenance Machinery					

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
10.1	10.1 Irregular procurement of crawler excavators, Motor Graders and Drum Roller.	Review of records revealed that a company was contracted to supply and deliver five (5) crawler excavators, five (5) motor graders and one (1) drum roller with pad foot at a contract sum of Kshs. 244,425,410. The equipment was delivered and payments totalling Kshs.241,425,410 made to the supplier. However, the machinery had no registration number plates on them and ownership documents for the machinery were, therefore, not provided for audit review.	It's true that during the time of audit the machinery had no registration number plates on them since the process of transferring the machinery into the name of Bomet county Government was underway. The NTSA and the supplier are finalizing the process of transferring the ownership for all the five (5) crawler excavators, five (5) motor graders and one (1) drum roller with pad foot to the County Government of Bomet. The acquisition of heavy machinery is in line with the objective of construction of new roads and maintenance of	the machinery had no Registration number plates on them and ownership documents for the machinery were not provided for audit.	1. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws and procedures 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 Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement	60days the adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			existing roads in an efficient and an effective manner as just one of the methods of implementing and achieving that laid down aim as per the CIDP.		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	
10.2	Irregular procurement of Tippers and Prime Mover	A contract of Kshs.61,300,000 was awarded to a Company for supply and delivery of prime mover and 5 large tippers (dump truck) out of which an amount of Kshs.22,550,000 was paid in the year under review. Review of records revealed that the equipment were acquired and delivered in the 2022/2023 financial year. However, the purchase of the heavy machinery was not	The acquisition of heavy machinery is in line with the objective of construction of new roads and maintenance of existing roads in an efficient and an effective manner as just one of the methods of implementing and achieving that laid down aim as per the CIDP. The procurement of the machines was introduced to the ADP by the County assembly through a	The purchase of the heavy machinery was not included in the annual development plan for the financial year 2022/2023 when the acquisition was done.	which constitutes a professional misconduct; 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		included in the annual development plan for the financial year 2022/2023 when the acquisition was done. Further, the County Executive specified the brand name of the equipment to be procured as Tata Tipper LPK 2516 contrary to the provisions of the third schedule of the Public Procurement and Asset Disposal Regulations, 2020 which required that description of the goods being procured should be comprehensive but not go to the level of specifications.	supplementary budget after the elections when priorities of the original ADP were revised to be in line with the new administration. It was accordingly allocated resources in the subsequent budget making process The internal memo for initiation of the procurement process had only been erroneously indicated the make of the tipper but IFMIS requisition, the invitation to tender in the advert and tender documents that went out to potential suppliers had expressly outlined that a dump truck was being asked for			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		In addition, bids for all the bidders were not provided for audit review.	without specifying the make as TATA tipper. This was purely an oversight by the person who initiated the memo without any intention of predetermining the specifications required. This is further demonstrated by the invitation of different manufacturers to bid. The procurement of the machines was introduced to the ADP by the County assembly through a supplementary budget after the elections when priorities of the original ADP were revised to be in line with the new administration. It was accordingly allocated resources in the			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			subsequent budget making process.			
10.3	Irregular Purchase of Farm Implements	Review of documents revealed that an expenditure of Kshs. 1,110,000 was incurred on supply and delivery of farm implements using request for quotation method. The Local Purchase Order (LPO) was issued on 6 March, 2023 and the implements were delivered on 7 June, 2023, three (3) months after issuing LPO.	The farm implements were delivered by the company after a request for extension of contract to and after considering the lengthy process that would take to cancel the process and initiate a new procurement and considering the fact that it was part of reservations for youth. The request for extension and extension letter has been attached for verification	The procurement process was delayed beyond the LPO validity period		
10.4	Irregular Expenditure on purchase	Expenditure totalling Kshs. 305,725,410 was incurred on the supply and delivery of heavy equipment against a budget of	The budget for purchase of Heavy Equipment was done in phases, the first year was budgeted an amount of	The Management has not provided budgetary information on which basis the		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
	of Heavy Equipment	Kshs.250,000,000 resulting in an unexplained and unauthorized expenditure of Kshs. 55,725,410. This was contrary to Regulation 43(2) of the Public Finance Management (County Governments) Regulations, 2015 states that County Government entities shall execute their approved budget based on the annual appropriation legislation and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund or supplementary estimates.	Kshs.250,000,000 while the second year had a budget amount of Ksh 123,000,000. Therefore, the expenditure was authorized through the appropriation act of 2023-2024 which was passed by the county assembly.	Heavy Equipment was procured.		
11.	Abandoned construction	As reported in the previous year, the County	The following are the	Audit inspection of the project in	1) The County Executive establishes a	60 da from

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
	of Governors residence	Government entered into a contract with a local contractor for the construction of Governors residence at a contract sum of Kshs. 78,014,233. The contract period was two and a half years starting 31 January, 2019, when the contractor took possession of the Project site with completion date of 30 June, 2021. The contract period was extended by six (6) months to 30 June, 2022. On 14 December, 2022 the Contractor requested for another extension of contract period from 30 December, 2022 to 30 June, 2023 but the approval of the second extension was not approved. Audit	key developments on the Construction of Governor's Residence in Mutarakwa Ward: 1. The initial contract for the construction of the residence was terminated on 17th April 2024 after a prolonged lag in progress of implementation by the previous contractor. 2. Following this, the project was retendered, and a new contractor was competitively awarded to undertake the remaining works. 3. As of now, the construction works are ongoing under the new	September, 2023 revealed that the contractor abandoned the construction works and the project had remained incomplete for a cumulative thirty-nine (39) months after the estimated completion date of 30 June, 2021.	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 to prioritise completion of existing and stalled projects and provide a budget for their	adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		verification of the Project in September 2023 revealed that the contractor abandoned the construction works and the Project has remained incomplete for a cumulative thirty-nine (39) months after the estimated completion date of 30 June, 2021. Further, as reported in the previous year, roofing timber works erected and pitched valued at Kshs. 3,452,264 but not covered by iron sheets have deteriorated and are likely to be condemned resulting in increased contract cost. As at 30 June, 2024, a total of Kshs. 48,530,890 or 62% of the contract sum had been paid to the contractor with 51% of the work done.	contractor where roofing has been done and internal finishes are ongoing. In support of this, attached are pictorials documenting the current progress of the works, award of contract, and the contract agreement with the contractor attached as; Annex 15 – Award of contract and Pictorial		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.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
12	Construction of Kapletundo ward Office	Records show that on 29 June, 2021 the County Executive engaged a Company to construct Kapletundo ward office in Bomet Central through contract No. CGB/ADM/003/2020/2021 at a contract sum of Kshs. 10,700,000. The contract period was eight (8) months with a completion date of 29 February, 2022 after which approvals were granted for extension which lasted up to February, 2024. Records show that the works were certified as complete and the contractor paid the total amount of Kshs. 10,700,000 equivalent to the contract sum. However, physical verification done	a) Placement of water tank: Upon verification of the Bill of Quantities signed by the contractor, it was noted that the tank was not part of the scope of work. b) Painting of the walls and ceiling: Upon inspection, the walls and ceiling were painted as per the specification as seen in the photos attached. c) Minor cracks on the wall: The cracks that were witnessed on inspection were corrected by the contractor within defects liability period before the retention money was released. Availed are the pictorials and BQs for verification	Although the Management has provided pictorials there was no evidence to show the appertain to Kapletundo Ward Office.		

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		in the Month of September, 2024 revealed that placement of water tank and painting of the walls and ceiling had not been done as per the bills of quantities. In addition, the walls had developed major cracks and it was not clear how payment certificates were issued prematurely despite the remaining works being undone.				
13	Irregular Personnel emoluments					
13.1	Payment of Salaries in shared bank accounts	During the year under review, the County Executive's Monthly payrolls revealed that twelve (12) officers earning a Monthly gross salary of Kshs. 8,642,719	The officers filled the Biodata form on appointment inadvertently some with the same salary Account numbers. The error which only appeared in biodata forms has since	Management continued to pay salaries in shared Bank accounts	1. The EACC to undertake an investigation on the matter of Employees with Similar Bank Accounts and Identity Card Numbers with a	60 da from date c adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		were paid salary in shared bank accounts. This was contrary to Section C.1 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that all officers will be paid salary on a monthly basis in Kenya currency through their respective bank accounts.	been corrected, however the correct Account numbers are as shown in the attached appendix. Despite the hitch; there was no loss to the affected parties since their Identity card numbers were used in running their payment at the financial institutions. Availed is the list of staff and their correct account numbers		view of prosecuting those culpable for probable fraud and loss of public money; and 2. The Auditor General to conduct a forensic audit of the staff records, confirm their identity and payment details from the county government and report on the matter in the subsequent Financial Year.	
13.2	Unexplained Movement in Job groups	Review of payroll records revealed that during the year under review, five (5) employees of the County Executive moved from one job group to the next within twelve (12) Months. No evidence was provided to show that Management advertised for promotions	Among the staff in question are two officers who were absorbed by the current Government as County Chief Officers and they were existing in payroll under a lower cadre while two others were reverted to their previous JG having	There movement in job groups for particular officers within a period of twelve (12) months.	The County Executive should take action against the responsible officers who approved the movements of the unexplained Job Groups contrary to Section C.I (2) of the Human Resource Policies and	60 da from date c adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		and that the officers were invited for interview and duly promoted to the current job groups.	served for a five-year contract as County Chief Officers respectively. The other staff were promoted accordingly. Aailed is the list of staff who were affected by the changes		Procedures Manual for the Public Service, 2016.	
13.3	Irregular Payment of special House Allowance	Review of the Integrated Payroll and Personnel Database (IPPD) indicated that during the year under review eight hundred and seventy (870) officers were paid special house allowances amounting to Kshs. 33,548,493 in addition to the house allowance entitled to them which was not recommended by the Salaries and Remuneration Commission. This was contrary to Section 11 (f)	It is true that the County Government of Bomet paid the special house allowance to some staff. This is to report that the group includes officers who were appointed during the first regime for the purpose of attracting and retaining staff in the County Public Service. The County Government consequently acknowledge these disparities and that we are making arrangements to	Special House Allowance paid to only some officers	The Committee recommended that the EACC initiate an investigation with the view of causing prosecution of the accounting officer for payment of excess allowances to staff contrary to the Salaries and Remuneration Commission Act, 2011	60 da from date adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		of the Salaries and Remuneration Commission Act, 2011 which states that the Commission shall make recommendations on matters relating to the salary and remuneration of a particular state or public officer.	pay our staff a uniform salary cutting across the County Public Service.			
13.4	Non-compliance with Fiscal responsibility of wage Bill	Review of records provided for audit revealed the County Executive spent an amount of Kshs. 3,239,817,670 on wages and benefits which is fifty percent (50%) of the total receipts of Kshs.6,476,822,750.	The management is in the process of putting in place several interventions that will reduce the PE cost to development cost ratio. Revenue collection strategies are currently being overhauled as one of those interventions.	The County Executive's wage bill during the FY 23/24 stood at 50% of its total receipts which was above the threshold of 35%.	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	Conti

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
					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 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.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
13.5	Non - compliance with the law on mandatory retirement	Review of the Integrated Payroll and Personnel Database (IPPD) revealed that forty (40) officers who had attained the mandatory retirement age of sixty (60) years were still in service. This was contrary to Regulation 70(1)(a) of the Public Service Commission Regulations, 2020 which states that the mandatory retirement age in the public sector shall be sixty (60) years. The officers were paid emoluments totaling Kshs. 32,108,137 during the year under review.	The Staff in appendix 19 (XII) were either seconded back, transferred to other external entities, resigned or unfortunately deceased as shown in the responding attachment under the same appendix name. Appendix 19 (XIV) represent staff who are all retired under the statutory retirement age requirements. This is to further confirm that on the list are state officers who were appointed to serve in different capacities and that they will be retired when their respective contracts lapse. Lastly under this query, the staff in 19 (XV) are all retired except two (2)	The officers were paid salaries totaling Kshs.32,108,137 during the year under review.	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	Conti

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			officers who are yet to retire under the mandatory age of 65 (Sixty-five) as shown in the responding listing with the same annexure number 19. Annex 19- Justification of retirement age		this age unless under exceptional government-prescribed circumstances and provide a status update to the Office of the Auditor General within sixty (60) days.	
14	Employees earning Less Than a third Basic salary	Review of payrolls revealed that two hundred and thirty-six (236) employees were receiving net salaries that were less than one third (1/3) of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that the total amount of all deductions which may be made by an	Over committed staff salary occurred when housing levy and the new rates on NSSF were automatically implemented. This caused the salary of the listed staff members to drop below the threshold. Going forward the management is keen to ensure adherence to the third of basic salary rule.	The Committee observed that two hundred and thirty-six (236) employees were earning less than a third of their basic pay contrary to section 19(3) of the Employment Act 2007.	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	Conti

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
		employer from the wages of the employee at any one given time shall not exceed two thirds of such wages.			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 in subsequent financial years.	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
15	Action on Internal Audit Reports	A review of the Internal Audit Function revealed that the Department has no approved Internal Audit and Audit Committee charters and evidence of risk management reports undertaken during the financial year under review were not provided. Further, the Department has eleven (11) staff members, out of the approved establishment of thirty (30) members of staff. In addition, during the year under review, the department operated without its own approved budget posing a risk of lack of independence in internal audit operations and activities.	The County Government of Bomet has an approved Audit Committee charter that was approved by the Cabinet on 20th February 2024 and signed by H.E The Governor and the Chairman Audit Committee on 26th February 2024. This was approved alongside Internal Audit Charter. Attached herewith is a copy of the approved charter as annex 20a and extract of cabinet approval as annex 20b for your Review. The Internal Audit has been undergoing improvement continually and a total number of Five positions for Internal Auditor I and Chief	The committee noted that at the time of the audit, the County Executive had only eleven (11) staff members, out of the approved establishment of thirty (30) members of staff. This is likely to impede the effective functioning of the internal audit unit.	1) The county Executive expedites sufficient staffing of the audit committee 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. 2) the Salaries and Remuneration Commission (SRC) to review the compensation framework for Audit Committee members since the	60 da from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			Internal Auditor was advertised on 25th January 2023. One Internal Auditor I and Chief Internal Auditor did not report. The Four who reported increased the total number of Auditors to 11 during the period under review. An additional position for Internal Auditor II was again advertised on 7th June 2024, and the one officer has reported. At the moment there is an indent undergoing the process for recruitment of additional two Internal Auditors which will further increase the number. Attached is the advertisement for		low sitting allowances may not attract seasoned professionals to the county Audit Committees	

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			additional member of staff as annex 20c. It is true that the Internal Audit did not have a separate budget to enhance their independence during the period under review apart from a line item for Audit Committee. In the subsequent financial year's budget (2024/25), the internal Audit has a separate budget that covers the Internal Audit as well as the Audit Committee to enhance their independence. Attached is an extract of the current budget as annex 20d. Annex 20 – Internal audit supporting documents			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
16	Irregular Development Budget	The statement of comparison of budget and actual amounts reflects total final receipts and expenditure budget of Kshs.8,521,100,308. The amount includes total final Development Expenditure budget amounting to Kshs.2,386,787,130 or approximately 28% of the total budget. This was contrary to Section 107(2) (b) of Public Finance Management Act, 2012 which states that, over the medium term a minimum of thirty percent of the County Government budget shall be allocated to the development expenditure.	It's true that there was underfunding of Kshs. 2,012,654,982 which hampered implementation of planned activities for Bomet County government. Section 107 (2) (b) of the PFM Act 2012 requires County Government over the medium term to allocate a minimum of 30% of the budget to development spending. However, in the approved budget for FY 2024/2025, it is true that the County allocated 28 percent of the total County revenue towards development expenditure. The non-compliance with the fiscal responsibility principle is mainly	This violation reflects a broader pattern of fiscal indiscipline that undermines devolution framework.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who recommended a budget below the threshold of 30% for approval by the County Assembly	60 da from adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			attributed to the following: 1.Increased staffing levels (during the financial year, most of the county employees were recruited on permanent and pensionable terms), salary increments and staff promotions which pushed the wage bill up to 43% hence reducing the proportion of allocation towards development expenditure. 2.Decline in conditional Allocations to County Government. During the financial year, the county received Zero allocation of conditional allocations from the National Government Revenue as well as a			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			decline in conditional allocations from Development partners' Grants (i.e. The county had no allocations for Kenya Urban Support Programme, KSDP level 1 & II, HSSF Danida funds for Health programs and Agriculture Sector Development Support Programme (ASDSP). Given that Conditional Allocations are largely meant to support development programs, the proportion of Development expenditure allocation for that particular year was greatly affected. 3.Stagnating equitable share allocation and the underperforming own			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			source revenue collection remains an impediment to increasing Development expenditure. The allocation to counties from the National Government is almost at the same level yearly while the own source revenue collection remained low. This coupled with the rising wage bill due to annual salary increment and staff promotion among other competing priorities reduces what would have otherwise been allocated to Development expenditure.			

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1	Supply of Medical Drugs by	Review of records revealed that drugs worth Kshs.103,179,459 were	It is true in the period under review, the department ordered health	The drugs were received at the health facilities by a	The Office of the County Governor undertakes	60 da from
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No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
	Kenya Medical Supplies Authority (KEMSA)	procured from Kenya Medical Supplies Authority (KEMSA). However, the user requisitions and local purchase orders issued for procurement of drugs did not indicate the specific drugs required and the cost.	products and technologies (HPTs) amounting to KES 103,179,459 from Kenya Medical Supplies Authority (KEMSA) being our principal source of quality HPTs, the user document for requisitions and LPOs issued for procurement were summarized per sub-county. This is in line with the KEMSA logistic management information system which provide that when placing orders, facilities be grouped per sub-counties that the facilities falls under to ease management and logistics. In its Proforma invoice, they do provide the detailed version of specific drugs, quantities	pharmacist who receives and issues the drugs leading to a lack of segregation of duties. Lack of segregation of duties increases the risk of errors and mismanagement. There was also no clear trail to confirm the dispensing of drugs by patients.	administrative action(s) against the responsible officer(s) who maintain drug records for failure to maintain proper stores records, embrace segregation of duties as one of the internal controls.	adopt this r

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			and amount in its proforma invoice, it provides two version, one that is summarized per sub-county and a detailed one that specifies drugs, quantities and amount per facility for the given sub-county. For purposes of documentation, we provided the summative values accumulated per sub-county to match with the way KEMSA LMIS operates and the way they respond in IFMIS. It is however important to note that the detailed document for all facilities is available and it enlist the specific facility, the MFL codes, the details of drugs ordered, the quantities and the amounts and we			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			have annexed them in this response for your review and perusal. -As pertains to receiving, inspection and acceptance of the KEMSA HPTs, it would be prudent to report first, that the Kenya Medical Supplies Authority (KEMSA) conduct last-mile delivery right from their warehouses to specific facilities. KEMSA HPTs goes direct to our facilities and inspection and acceptance is first done at the facility, where they are required to check what they ordered, quantities and the quality before releasing the KEMSA truck to proceed to the next facility. Once			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			they are done, they stamp a triplicate copy of delivery note and keep one copy in their file. The drugs once delivered and received are entered into stores ledgers, Counter Receipt Vouchers (S13) and Counter Receipt and Issue Vouchers (S11) that are kept by the individual facility. It is logistically not possible to receive these HPTs in one central location, entered into store ledgers then distributed to the facilities that ordered. We are taking advantage of the KEMSA last mile delivery to our facilities, because it accord more accountability and save on resources that we			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			would have otherwise incurred if we were to hold them in a central point and distribute on our own. The store ledgers, S-11 and S-13 documents are available and kept at our facilities that received these supplies, and samples can be provided. -The drugs in our facilities are received by the in charges, few of our facilities (only Hospitals) have pharmacist, and a number of our health centers also have trained pharmaceutical technologists who assists their facility in-charges to receive, verify the quality and quantity of the health products. It would not be			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			in considered opinion prudent to leave out pharmacists and pharmaceutical technologist where health products and technologies are involved because they have the knowledge and expertise to manage supplies, they are trained and licensed to manage drugs. Leaving them out will jeopardize the quality and quantification of our HPTS. Receiving and issuing of drugs to patients through dispensing is in their job description. Leaving them out might on the contrary lead to errors and mismanagement. Across most of our facilities, the movement			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			of health products from storage areas to the dispensing pharmacies is regulated and are recorded in the store ledgers and counter requisition and issue vouchers (S11), some of our facilities have electronic EMR that digitize this process and print out of commodity issued to pharmacy are recorded. Once at our pharmacy/dispensing area, in our health centers and dispensaries, there are MOH manual registers (outpatient MOH 204A and 204B) where the details of all patient seen per day are recorded. The name of the patients, contacts, diagnosis and			

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Time
			drugs & quantities given when leaving the facility are recorded. It is therefore a fact that end-to-end visibility of our drugs can be established because, you can establish at any given date.			

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

Basis for Qualified Opinion

No	Audit query	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON THE FINANCIAL STATEMENTS					
1.	Variance Between Financial Statements and IFMIS Payment Details The statement of receipts and payments reflects total payments amounting to Kshs. 6,123,097,776. However, the amount differs with the Integrated Financial Information Management System (IFMIS) total payments amounting to Kshs. 6,609,895,647 resulting in an unreconciled variance of Kshs. 486,797,871.	i) The IFMIS total payments included both development and Recurrent payments of Kshs. 297,983,928.65 that relate to the 2022/2023 financial period that cleared in July 2023 has been accounted for and reported in the previous financial year and certified and don't relate to the 2023/2024 financial period. ii) An amount of Kshs. 36,233,338.70 relates to transactions that were transmitted and having bounced back These payments had already been	The Committee observed that the County Executive did not provide supporting documents (Cash book and bank reconciliation Statement) indicating that the Kshs. 297,983,928.65 was properly accounted for in the 2022/2023 financial period. The Committee further observed that the County Executive did not provide supporting documentation (bank rejection notices reports) to verify that the transactions were indeed unsuccessful.	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.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

				The Committee also observed that the County Executive did not provide a breakdown of the retention amounts (contract-wise) to verify that the amount of Kshs. 123,008,066.45 aligns with contractual agreements and payment schedules.		
	Entity	Financial Statement	IFMIS			
	(KC SAP)	8,295,037	-			
	AS DSP II	11,394,795	1,527,779.00			
	NA VC DP	141,610,210	209,344,800.00			
	accounted for under respective expenditure economic items but are captured in the payment details iii) In addition, included in the payment details of Kshs 6,609,895,647 in the IFMIS records is an					

amount of Kshs 123,008,066.45 which is 10% Retention Money and the same does not form part of expenditures in the statement of Receipts and Payments but are only disclosed in the financial statements.

iv) the county government have donor supported programs which are not self-reporting entities

v) Finally, the summary of reconciliation for the variance and the net effect of Kshs 486,797,871.00.

Description	Amount (kshs)
IFMIS Expenditure	6,609,895,647.00

		Less: 7310107 10% Retention Money	(123,008,0 66.00)			
		Less:67401 02 R/D Cheques	(36,233,33 9.00)			
		Less: July 2023 payments accounted for previous year	(297,983,9 29.00)			
		ASDSP expenditur es	9,867,016. 00			
		NAVCDP	(67,734,59 0.00)			
		Kericho County Climate Smart Agriculture Projects	28,295,03 7.00			
		Total	(486,797,8 71.00)			

		FS Expenditu re	6,123,097, 776.00			
2.	Unsupported Foreign Travel and Subsistence The statement of receipts and payments reflects use of goods and services amounting to Kshs.775,425,914. The amount includes foreign travel and subsistence totaling Kshs.15,598,720 as disclosed in Note 4 to the financial statements. This component includes payments amounting to Kshs.5,786,604 paid to individuals for foreign travel which were not supported by boarding passes or copies of passports and back to office reports.	The management confirms that all payments for foreign travel are adequately supported. A summary of the payments of Kshs. 5,786,604 alongside Copies of the boarding passes or copies of passports and back to office reports for above payments are hereby attached under Annex 2.	The Committee observed that the County Executive did not provide the documents to the Auditor-General during the audit process. The Committee further observed that the County Executive did not provide evidence to support Foreign Travel and Subsistence payment voucher amounting to Kshs. 687,860.00.	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 also recommends that the Directorate of Criminal Investigations investigates the unsupported expenditure of Kshs. 687,860.00 on foreign travel, and where criminality is established, refer the matter to the	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.	

				Director of Public Prosecutions for prosecution. The Committee further recommends that the Auditor General audits the unsupported expenditure of Kshs. 687,860.00 on foreign travel in the subsequent audit cycle.	
3.	Unsupported Payments for Insurance Services The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.89,771,448 in respect of insurance costs. The expenditure includes an amount of Kshs.40,939,739 for insurance procured via tender for County Strategic Assets. The contract was for a period of two years, however, valuation reports	The management acknowledges the auditor's observation. However, we wish to state that the valuation of assets under Cash Basis of Accounting is the historical cost of the assets which were used during the acquisition. The transition to accrual basis of accounting will subsequently address the valuation of assets as they will be recognized after depreciation or the fair market value.	The Committee observed that the County Executive did not provide the documents to confirm whether comprehensive valuation of all insured assets, including their fair market value or replacement cost to ensure adequate coverage and avoid under- or over-insurance.	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 Auditor General audits the outstanding matter 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.

	detailing the cost of insured assets and liabilities were not provided for audit review. Therefore, the basis of arriving at the insurance cost of Kshs.40,939,739 and the assets involved were not provided for audit review.	An extract of the report which was used for insurance purposes for the County's Assets is attached in Annex 3a. Furthermore, the depreciation policy for county assets is currently before the county executive committee for deliberations and approval in line with the transition to accrual accounting as guided by the Public Sector Accounting Standard Board as provided in Annex 3b.			
4.	Account Payables-Retention Monies The statement of assets and liabilities reflects deposits and retentions totaling Kshs.76,768,907 whose	The deposits and retention figure disclosed in the financial statements are amounts deducted for civil works contracts undertaken in	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	Report back to the senate on the status of compliance with the recommendation

	ageing analysis and reconciliation or break down was not provided for audit review.	the county government. In addition, this figure constantly has addition and deductions due to ongoing deductions and payments after expiry of the defect liability period as prescribed in the contract. an ageing analysis and reconciliation or break-down and retention certificates is provided in Annex 4.		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.	s within sixty (60) days of the adoption of this report.
	Domestic Travel and Subsistence Allowance Unsupported Domestic Travel and Subsistence Allowance The statement of receipts and payments reflects use of goods and services amount of	The management notes the auditors' observation that there is a difference between the general ledger and the bank statements. We would like to clarify that the payments in the general ledger related to the period under review while the bank statement amounts relate to DSA payments made during	The Committee observed that whereas the County Executive stated that some payments in the bank statements relate to the prior financial year (2022/2023) but were processed after the cut-off date of 30th June 2023, no detailed reconciliation was been provided to	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 recommendation s within sixty (60) days of the adoption of this report.

	Kshs.775,425,914 which includes an amount of Kshs.110,094,629 in respect of domestic travel and subsistence allowances as disclosed in Note 4 to the financial statements. However, payments amounting to Kshs.53,473,070 were supported by the general ledger while bank statements reflect withdrawals amounting to Kshs.63,559,530 resulting to an unexplained and unreconciled variance of Kshs.10,086,460. 5.2 Un-Authorized Re-Allocation of Development Funds to Recurrent Vote Review of development bank statement and IFMIS	the period from 1st July 2023 to 30th June 2024. which includes payments made after the cut off period of 30th June and related to the 2022/2023 financial period and the same were audited and certified in that period. In additional, payments that were processed in June 2024 before the year end but payments made in July 2024 as the funding had already been sourced from the Controller of Budget as they relate to the 2023/2024 financial period and therefore reflected in the current period. Further, the payments made to various staff in respect to DSA which are recurrent in nature reallocated from capital grants development vote without any approval relates to activities	confirm that the variance of Kshs.10,086,460 is fully attributable to payments carried forward from the previous financial period. The Committee further observed that despite the explanation, no documentary evidence was provided to confirm that an official approval for reallocation of development funds to recurrent expenditure was obtained. The Committee also observed that only one payments voucher was provided for verification amounting to kshs. 256,000 (a claim for attending departmental consultive meeting).	days of the adoption of this report. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	
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	payment details revealed payments to various members of staff amounting to Kshs.10,683,750 in respect of domestic travel and subsistence allowances. These expenditures are recurrent in nature reallocated from capital funds without authority approving reallocation of development fund to recurrent. Further, payment vouchers and other supporting documents in support of the payments were not provided for audit review.	budgeted under development for supervision of projects, CIDP preparations which are development related expenditures. Finally, payment vouchers have been provided for audit review in Annex 5.			
6.	Non-Collection of Own Source Revenue 6.1 Unauthorized Operation of Mobile Money Payment	The management acknowledges the auditors' observations. The staff involved is currently under disciplinary procedure as per the government	The Committee observed that whereas disciplinary action is commendable, the County Executive did not indicate whether the uncollected or misappropriated funds	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	Report back to the senate on the status of compliance with the recommendation s within sixty

The statement of receipts and payments reflects transfer from the County Revenue Fund of Kshs.5,913,233,979 as disclosed in Note 1 to the financial statements. The amount includes Exchequer Releases and Own Source Revenue appropriated by the County Assembly to fund the County Executive. Records revealed the revenue collected by the Receiver of Revenue excluded own source revenue from inspection fees for fire compliance. An inspection fee of Kshs.3,500 was levied in the Finance Act for the period but was not being collected at the time by the County Government. An	human resource regulation. Attached is the county Human Resource Advisory committee (CHRMC) recommendation on the same attached as Annex 6. Further, the management has taken measures to strengthen the internal controls in revenue unit by developing an integrated in- house revenue collection system which is web based, enforcing cashless collections, real time revenue reporting. In addition, staff rationalization and new recruitment are being undertaken in the revenue unit.	(Kshs.152,290 credited and Kshs.141,852 debited) have been recovered or properly accounted for. The Committee was also concerned that an unauthorized mobile payment number can get registered and operated by a County officer without Treasury approval.	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 also recommends that the Directorate of Criminal Investigations investigates the unauthorized collection of Kshs.152,290 by a county staff, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	(60) days of the adoption of this report.
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	officer of the County Government, however, registered and operated a Mobile Payment number which was not authorized by the County Treasury to collect the fees. The statements for the number indicated credit entries of Kshs.152,290 and debit entries of Kshs.141,852 for the period from 24 January, 2024 up to 5 August, 2024. Internal investigations on the matter recommended disciplinary action on the officer. However, collection of own source revenue and transfer to the County Executive was understated by the amount not collected.				
7	Inaccuracies of Pending Accounts Payables	The variance of Kshs. 2,113,912 relates to terminated projects	The Committee observed that various issues were not addressed and	The Committee recommends that the County Governor undertakes administrative action against the officer(s)	Report back to the senate on the status of

The financial statements reflect pending accounts payable balance of Kshs.1,147,933,403 as disclosed in Note 20.1 and detailed in Annex 2 to the financial statements. However, the pending bill expenditures could not be verified as supporting documents were not provided. Further, included in the balances are payables in respect of construction of buildings amounting to Kshs.141,592,570 which differs with payables totaling Kshs.143,706,482 as disclosed in Annex 2 of the financial statements resulting in an unexplained variance of Kshs.2,113,912.	whose values could not be carried forward. Regarding to amount of Kshs. 556,380,772, It is worth noting that not all pending bills are processed up to the payment stage. All bills that the county government plans to settle need a budgetary provision before any processing in IFMIS. However, as we transition to the accrual basis of accounting, all pending bills will no longer be disclosures but will form part of the statement of financial position as liabilities. This will enable the county government present a true and fair	supporting documents not provided. The County Executive did not provide supporting documentation for the terminated projects.	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 also recommends that the Directorate of Criminal Investigations investigates the matter, and where criminality is established, refer the matter to the Director of Public Prosecutions for prosecution. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	compliance with the recommendation s within sixty (60) days of the adoption of this report.
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	Further, an audit examination of the pending bills outstanding from the IFMIS payment details revealed that pending bills amounting to Kshs.556,380,772 could not be traced to the IFMIS payment details and IFMIS invoice register.	view of the state of affairs.			
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EMPHASIS OF MATTER

1.	Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final receipt budget and actual comparable basis amounting to Kshs.7,604,644,288 and Kshs.6,353,006,481 respectively, resulting in under-funding of revenue	The management acknowledges the auditor's observation. The underperformance of the budget was as a result of late exchequer releases, unrealized grants, donor funding and own source revenue. This impacted negatively on planned activities. The county government has put in place measures	The Committee observed that the County Executive did not provide the documents to the Auditor-General during the audit process. The County Executive further did not provide a satisfactory explanation why it did not prepare balanced and realistic budgets.	The Committee recommends that the County Executive ensures that future budgets are realistic, achievable, and aligned with actual revenue collection trends to prevent unrealistic projections that may lead to deficits or inefficiencies in service delivery. The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.
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	of Kshs.1,251,637,807 or sixteen percent (16%) of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of amounts of Kshs.7,604,644,288 and Kshs.6,123,097,776, respectively, resulting in under-absorption of Kshs.1,481,546,512 or nineteen percent (19%) of the budget. The under-funding and under-expenditure could have affected the planned activities and may have impacted negatively on service delivery to the public.	to improve on own source revenue by enforcing provisions in the finance act, developed the Kericho County Revenue Administration and Management Bill, 2021, and Revenue collection system.		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 Auditor General audits the outstanding matter in the subsequent audit cycle.	
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2.	Long Pending Payables Other important disclosures to the financial statements reflects pending accounts payable balance of Kshs.1,147,933,403 as disclosed in Note 20.1 and detailed in Annex 2 to the financial statements. Pending accounts payables brought forward to 2023/2024 financial year totaled Kshs.526,208,650. However, payables totalling Kshs.196,489,526 was settled within the financial year leaving a balance of Kshs.329,719,124. However, there were additions to the payables during the year under review	Outstanding Accounts Indeed, the pending bills as at the closure of the year under review was kshs 1,147,933,403, the increase is attributed to unrealized own source revenue and late disbursement of the equitable share, this impacted negatively on the invoices which were due for payment. To manage the ever spiraling bills the management has come up with measures including appointing pending bills committee to verify, validate and thereafter advise accordingly. Further there is a payment plan which emphasizes on first charge. As shown in Annex 8.	The Committee observed that the County Executive did not provide the documents to the Auditor-General during the audit process. The Committee further observed that the County Executive did not attach annex 8 as indicated in its response.	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 Auditor General audits the outstanding matter in the subsequent audit cycle.	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.
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	Kshs.820,328,191 to escalate the pending accounts payables to an amount of Kshs.1,147,933,403 as at 30 June, 2024. Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.				
1	Other Matter Unresolved Prior Year Matters As disclosed under the progress on follow up of auditor's recommendation section of the financial statements, Management indicated that some of the	The management has appeared before the senate and county Assembly and awaiting the reports on the same.	The issue was not addressed.	Why did Management fail to submit supporting documents to verify the resolution of the issues as reported on follow-up on prior year auditors recommendation?	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the

	issues have been resolved. However, Management did not provide evidence in support of the resolution of the issues.				adoption of this report.
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Flagship Projects The statement of receipts and payments reflects acquisition of assets amount of Kshs.1,331,707,026 as disclosed in Note 9 to the financial statements. The amount includes payments on construction and civil works of Kshs.436,199,103 that also includes payments on flagship projects. However, verification of projects under the flagship programme revealed	The management acknowledges the auditor's observation and the contractor has been contacted to resume works.	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.	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.

unsatisfactory implementation of the projects as follows: 1.1 Construction and Equipping of Theatre at Ainamoi Health Centre Included in flagship projects was proposed construction and equipping of an operating surgical theatre at Ainamoi Sub-county Hospital. Review of the contract document revealed the contract sum was Kshs.14,135,859 and completion date was set at 4 June, 2020. The contract period was however latter extended to 19 August, 2022. The Project had a budget allocation of Kshs.12,900,000 for finalization and works were at 85% completion as at June, 2024. However,	The management acknowledges the Auditors' observation and wishes to provide clarification that implementation of the project has encountered numerous unforeseen external challenges due to boundary disputes between residents of Kisumu and Kericho Counties. The project is situated along the border of the two counties, and		The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	
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field inspection in September, 2024, revealed the Project had stalled and the contractor was not on site. 1.2 Modern Market at Sondu Included under flagship projects was a modern market at Sondu with an allocation of Kshs.52,000,000. The contract for the construction and completion of a modern Sondu market was signed on 12 June, 2019 at a contract sum of Kshs.128,945,229. The contract was for a contract period of 52 weeks with effect from 14 August, 2019. An extension of the contract period was however granted for six (6)	unresolved boundary issues have led to frequent clashes over the past two years. These conflicts have created security concerns for workers, equipment, and materials at the contractor's site. It is worth noting that the County, through the project Manager, after visiting the site on 30th January 2025, issued a default letter as attached in Annex 11a to the Contractor for immediate resumption to the site within 14 days, failure of which the client will take the necessary action as stipulated in the applicable laws. The contractor reported to the site within the said 14			
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months and the revised completion date set for 13 December, 2024. The contractor had been paid an accumulated amount of Kshs.100,442,289 or about 78% of the contract sum for work certified as at 30 June, 2024. However, physical verification of the Project carried out in September, 2024 revealed the Project was not complete despite expiry of the project duration and the contractor was not on-site. 1.3 Delayed Completion of Kapkures Water Supply Project – Strategic Intervention Project for the Financial Year 2018/2019	days. The project implementation lead by the Project Manager visited the site on 13th February to confirm the contractors' resumption to the site, which was confirmed to have resumed site and final touches of the works are ongoing. Attached in Annex 11b are photos of current on-going works.			
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The County Executive entered into a contract on 30 May, 2019 for rehabilitation and construction of Kapkures Water Supply Project at a contract sum of Kshs.87,417,116. The contract period was twelve (12) months from commencement date of the contract of 5 February, 2020. Upon lapsing of the contract period, an extension was granted vide letter dated 16 February, 2022 to 17 February, 2023. However, a performance guarantee provided by the contractor and renewed to 27 December, 2023 with Rafiki Microfinance bank, had since expired with no further renewal as was required under clause 3.0 of the terms of the contract.	Indeed, as per auditors' observation, Kapkures water project is at 85% complete. The delay is attributed to redesigning the main intake works which was set-up near an existing cattle dip; this could have had a catastrophic result should it have been completed. It's worth noting that, the projects gravity main lines, treatment works, major tanks of 100 and 200 metres cubic have been completed. Further, the additional scope of works and bill of quantities have been completed and procurement process for the same have been initiated. attached in			
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	The contractor had been paid a total of Kshs.63,713,770 based on interim certificates and an amount of Kshs.23,348,579 was paid to the consultant during the year for consultancy services of the works. The payments included an amount of Kshs.2,500,000 (paid via IPC 2) being variation of the works. However, the variation of works was not approved by an Evaluation Committee before they were submitted through the Head of a Procurement function to the accounting officer for approval, as required under Regulation 132 (2) (b) of the Public Procurement and Asset Disposal Regulations, 2020	Annex 11c are photos of current works and current status report.			
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	A progress report dated 23 September, 2024 indicated the Project was at 85% completion stage, with the pending works including fencing, construction of new gravity main from intake to treatment works and completion of pipe fittings on twin treatment works tank. However, no documentary evidence was provided of requisition and approval of extension of the contract period and revised work plans for the works. In addition, the project had no signage and the contractor was not on site.				
2	Non-Compliance with Requirements for Reallocation of		The Committee observed that the County Executive did not provide the documents to the Auditor-	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide	Report back to the senate on the status of compliance with

Development Appropriations IFMIS development payments details revealed an amount of Kshs.127,658,704 transferred from development to recurrent contrary to Section 154 (2) of Public Finance Management Act, 2012 Review of IFMIS payment details in respect of development expenditure revealed that Kshs.400,935,534 or 21 % of the development budget which was transferred to Capital Grants and used in payment of recurrent expenditures. There was, however, no evidence that the County	The county assembly of Kericho passed the Appropriation act which included the Capital Grants to Other levels of government, Capital Grants to Semi-Autonomous Government Agencies, Other Capital Grants and Transfers. Attached is the approved appropriation Act in Annex 12	General during the audit process. The Committee further observed that the County Executive did not provide evidence that the County Executive Committee Member for Finance had tabled a bill in the County Assembly to seek reallocation of funds contrary to Section 48 of the Public Finance Management (County Governments) Regulations, 2015.	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 Auditor General audits the outstanding matter in the subsequent audit cycle.	the recommendation s within sixty (60) days of the adoption of this report.
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	Executive Committee Member for Finance had tabled a bill in the County Assembly to seek reallocation of funds contrary to Section 48 of the Public Finance Management (County Governments) Regulations, 2015.				
3	Non-Current Assets Register The statement of receipts and payments reflects acquisition of assets as disclosed in Note 9 to the financial statements. Further, Annex 6 to the financial statement reflects summary of non-current assets totaling Kshs.16,892,521,675. However, updated register of assets as disclosed under	No response provided.	The Committee observed that the County Executive did not provide the documents to the Auditor-General during the audit process. The Committee further observed that the County Executive did not deem it necessary to address the issue in its response.	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.	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.

	Annex 6 was not provided for audit review.			The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	
4	Failure to Construct Governor and Deputy Governor's Houses As reported in the previous year, the County Executive was required to allocate funds and prioritize construction of houses for the Governor and Deputy Governor on public land in accordance with the specifications therein, before the stated deadline. However, at the time of audit in August, 2024, the County Executive had not constructed the Governor's and Deputy Governor's houses. In addition, a review of the development	The management acknowledge the auditor's observation. During the F/Y2019/2020 there was a budget of Kshs. 20M towards the Construction of the Governor's residence under the Department of Lands, Housing & Physical Planning (Ref County's Development Budget). However, it has been a challenge to execute due to challenging conveyancing procedures related to land, currently there are no house rent payments for Governor's and	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 Auditor General audits the outstanding matter in the subsequent audit cycle.	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.

	budget for the financial years 2019/2020, 2020/2021, 2021/2022, 2022/2023 and 2023/2024 financial years revealed that there were no budgetary provisions for the construction of Governor's and the Deputy Governor's houses.	Deputy Governor's residence.			
5	Non-Compliance with Fiscal Responsibility Principles – Wage Bill The statement of receipts and payments reflects compensation of employees' expenditure amounting to Kshs.3,187,074,306 as disclosed in Note 3 to the financial statements. However, it was observed that the percentage of the expenditure to the	The management notes the auditors' observation on the Fiscal responsibility. However, we would like to point out that due to unrealized revenue targets on own source and exchequer releases which were not received during the year under review. The management is working towards improvement of own source revenue in	The Committee observed that the County Executive was in breach 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.	The Committee recommends that- 1) the County Executive 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	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

	County's total receipts amounting to Kshs.6,353,006,481 for the year under review was fifty percent (50%) which exceeded the set limit of thirty-five percent (35%).	order to mitigate the same in future.		to enhance own source revenue collection in order to address high wage bill gap; and 3) the County Executive 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.	
6	Non-Compliance with the Law on Staff Ethnicity Composition Review of payroll records revealed that County expenditure had 3,888 employees out of whom 3,638 or 94% of employees were from the same or	Management acknowledges the auditor's observation, while we appreciate the concern raised, it is important to highlight that this situation has largely arisen due to historical staffing patterns and the demographic realities	The Committee observed that the County Executive was in breach of section 65(1)(e) of County Government Act.	The Committee recommends that- 5) the County Executive should work progressively towards attaining the requirement of the provisions of section 65(1)(e) of County Government Act on ethnic inclusivity.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

dominant ethnic community in the county surpassing the recommended threshold of one third (1/3) in accordance with Section 65(1)(e) County Government act, 2012.	within the region. Kericho County is predominantly inhabited by this particular community, which has, over time, resulted in a workforce that reflects the local population structure. However, we are fully cognizant of the legal requirements for diversity and inclusivity in county government employment. Moving forward, we are committed to aligning our hiring practices with the provisions of the County Government Act, 2012, by implementing more inclusive recruitment strategies including a deliberate undertaking for public sensitization to attract more		6) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.	
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		applicants from the non-dominant ethnic communities. For employment opportunities in the foreseeable future. It is also important to note that Kalenjin community engaged by county government of Kericho comprises of various communities notably Nandi, Tugen, keiyo, sabaot, Kipsigis, ogiek, pokot, Terik and Marakwet. Furthermore, chairman, it is worth noting that officers from non-dominant ethnic communities have continuously applied for transfer of services to their own counties as evidence by the copies			
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		of correspondence in Annex 15 The county government recommends that the national government through the public service commission comes up with a policy for staff mobility across the public service including the county governments. this can be achieved through the public service human resource management bill 2024.			
7	Non-Compliance with the Law on People with Disability Review of payroll records revealed that County Expenditure of Kericho had 3,888 employees out of which only eight (8) employees were People	The management would like to clarify that the county has twenty eight (28) PWDs as evidence in Annex16 and not Eight (8) as observed by the auditor We would like to clarify that the current underrepresentation is	The Committee observed only twenty eight (28) 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.	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the

	Living with Disabilities in contravention of Section B.22 Public Service Commission HR Policies, 2016 which recommends at least five percent (5%) of the employees should be People Living with Disabilities.	not due to a lack of commitment but rather due to historical staffing challenges and limited applications from qualified PWD candidates during previous recruitment exercises. However, we are actively working to address this matter. We recognize the importance of fostering an inclusive work environment and ensuring that the principles of diversity and equal opportunity are upheld, particularly for marginalized groups, such as persons living with disabilities. The County Government is committed to complying with this policy and increasing the		The Committee further recommends that the Auditor General provide status of compliance with Article 54(2) of the Constitution in the subsequent audit cycle.	adoption of this report.
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		representation of PWDs within our workforce. To this end, Kericho County Government is developing a more robust outreach and recruitment strategy aimed at attracting qualified persons living with disabilities. This includes working closely with relevant advocacy groups, increasing the visibility of job opportunities for PWDs, and ensuring that our recruitment processes are accessible and supportive to all candidates, including those with disabilities			
8	Non-Adherence to the One-Third Basic Salary Rule During the year under review two hundred and fifty-seven (257)	The management acknowledges the auditor's observation. However, we wish to	The Committee observed that the County Executive did not provide the documents to the Auditor-	The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide	Report back to the senate on the status of compliance with

employees received less than a-third of their basic pay.	state that during the year under review, the Tax Law (Amendment) Act, 2020 which was assented on 25th April, 2020 amended various tax regulations meant to cushion Kenyans against the harsh economic effects of Covid-19 pandemic. It is also worth noting that after the tax relief a number of staffs committed their pay slips thus leading to earning below one third rule of their Basic Salary when the relief was lifted, the IPPD system could not be reverted. After identifying the same, the county requested the relevant financial institutions where commitments were made to regularize	General during the audit process.	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 Auditor General audits the outstanding matter in the subsequent audit cycle.	the recommendation s within sixty (60) days of the adoption of this report.
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	the deductions to align with the law. The management has also taken initiatives to communicate with affected staff to restructure their pay slip commitments to comply with one third rule. In addition, Chairman, Review of NSSF monthly contribution also contributed to staff earning below one third rule of their Basic Salary since most of them had committed their pay slip. Furthermore, during month of July 2023 there was an introduction of mandatory deduction on Housing Levy fund on staff salary which also led to earning below one			
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		third rule of their Basic Salary. Chairman it is worth noting that the county government has moved from IPPD to HRIS. a key feature of HRIS is deferment of loans and other commitments the moment a third basic is reached. This is evidence by a list of differed loans summary in Annex 17a.			
9	Construction of the Kericho County Aggregated Industrial Park The County Executive awarded a tender for proposed construction of the County Aggregation and Industrial parks, at a cost of Kshs.541,000,000 to a firm being the lowest evaluated bidder. The	The management notes the auditor's observation. However, we wish to clarify that Bidder 4 did not meet the evaluation mandatory preliminary and technical criteria requirements since the bidder did not submit the current and valid NCA for the sub-contractor for the mechanical works hence could not proceed	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 adoption of this report.

contract period was five (5) years commencing from February, 2024. The scope of works was divided into three phases namely: Main works, mechanical works and electrical works. Scrutiny of the procurement documents revealed that Bidder number 4 submitted a lower bid amounting to Kshs.321,328,945 and Kshs137,194,900 for the main works and Mechanical works, respectively, compared to that of the winning bidder of Kshs.377,986,363.13 and Kshs.141,334,316 resulting to a potential savings variance Kshs.60,796,834.	to the financial evaluation phase. As such, the most responsive bidder 5 was awarded Attached are copies of the evaluation report. ANNEX 18a.		days of the adoption of this report. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	
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In addition the form of tender submitted for bidding did not include the activities or parts of the works to be subcontracted contrary to Clause ITT 34.2 of the bid document which requires that Contractor's may propose subcontracting: Maximum percentage of subcontracting permitted is: ten percent (10 %) of the total contract amount. Tenderers planning to subcontract more than ten percent (10%) of total volume of work shall specify, in the Form of Tender, the activity or parts of the Works to be subcontracted along with complete details of the subcontractors and their qualification and experience.	The budgetary allocation was kshs.500,000,000 and the most responsive bidder was kshs.541,000,000.			
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Further, the amount awarded of Kshs.541,000,000, exceeds the national framework budget of Kshs.500,000,000 allocated for similar projects across counties. However, justification for the additional Kshs.41,000,000 budgetary allocation was not provided for audit. The decision to award the contract to a higher bidder without prioritizing cost-effectiveness could not be justified. During the year under review, the contractor was paid a total of Kshs.32,477,063 through interim payment certificate No.1 dated 15 May, 2024.	On the auditor's observation on environmental impact				
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	Physical verification conducted on 13 September, 2024 revealed that the contractor was on site and works were ongoing. However, the following anomalies were noted; (i) The County Executive did not conduct an environmental impact assessment study contrary to Section 58(2) of the Environmental Management and Co-ordination Act, hence had not acquired the license required. (ii) The signboard did not display the names of the Sub-contractors contrary to item 3 of bill No.3	assessment, we wish to confirm that it was duly carried out before the commencement of the project. NEMA fee amounting to Kenya Shillings 541,000 had not been paid to enable them issue the license since the only method that NEMA accepts is through the E-Citizen platform and not IFMIS. The management is in consultation with consultancy on payments The details of sub-contractors have been included in the signboard as evidenced in Annex 18b			
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	of the bill of quantity. (iii) Works amounting to Kshs.6,617,310 included in the payment certificate had not been done with others being carried out at the time of verification resulting to either advance payment or an overpayment for the works that had not been done contrary to Regulation 98(2) of the Public Finance Management Regulations, 2015.	Finally, the physical progress report of the project is at 13.2% as at 28th January 2025. copy of progress report attached in Annex 18c.			
10	Failure to Submit List of Ongoing Projects County Executive Management submitted the budget estimates to the	The management concurs with the Audit findings and commits to adhere to the public investment management regulations, 2022 for	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	Report back to the senate on the status of compliance with the recommendation

	County Assembly on 28 April, 2023. However, there was no evidence that Management submitted report on all ongoing projects that would receive funding in the succeeding year to County Executive Committee and County Assembly alongside the budget estimates	subsequent budget estimates which shall be forwarded to county assembly.	The Committee further observed that the County Executive admitted that it was in breach of regulation 10 (g) of the Public Finance Management Act (Public Investment Management) Regulations, 2022.	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 County Executive strictly adheres to regulation 10 (g) of the Public Finance Management Act (Public Investment Management) Regulations, 2022. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	s within sixty (60) days of the adoption of this report.
11	Misclassification of Economic Items in The Approved Budget The approved Kericho County Supplementary	Indeed, as per the guidelines on government budget classification and standard chart of accounts, some of the	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	Report back to the senate on the status of compliance with the recommendation

	Appropriation Act No.2 entails Kshs.5,753,578,119 in respect to allocations for recurrent expenditures. However, included in the allocation is Kshs.47,631,699, which relates to development expenditures. However, included in the supplementary appropriation/allocation which is a development vote is Kshs.37,187,757 which relates to recurrent expenditures.	budget lines items qualifies to be capital in nature, however their usage or application makes them to be recurrent in nature. This has led to misclassification of either recurrent or development. We have taken cognizant of the auditor's observation and subsequently we will classify the budget item accordingly.	The Committee further observed that the County Executive admitted that it had misclassified some budget items.	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 County Executive properly classifies all items in subsequent budgets. The Committee further recommends that the Auditor General audits the outstanding matter in the subsequent audit cycle.	s within sixty (60) days of the adoption of this report.
12	Failure to Undertake Procurement through E-procurement Review of IFMIS data revealed that development expenditure	The management acknowledge the auditor's observation. However, we wish to state that the procurement process is currently carried out in	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	Report back to the senate on the status of compliance with the recommendation s within sixty

	of Kshs.1,121,161,848.40 and Recurrent expenditure of Kshs.321,412,778 was incurred on procurement of goods, works and services outside e-Procurement contrary to Executive Order No 2 of 2018 on procurement of public goods, works and services by public entities Ref No OP/CAB39/1A that requires all procurement be undertaken through E-Procurement.	IFMIS from sourcing to a logical end of preparation and approval of LSO as well as inspection of goods and works. this evidenced by a sample of work flow extract in Annex 21. In addition, chairman, the county government published all tender awards in the public procurement information portal.		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 Auditor General audits the outstanding matter in the subsequent audit cycle.	(60) days of the adoption of this report.
	REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1	Failure to Prepare Human Resource Plan Review of the documents provided for audit revealed the County Service Board	We acknowledge the auditor's observation. However, we wish to state that the approved county staff	The Committee observed that the County Executive did not have a Human Resource Plan.	The Committee recommends that the County Executive promptly formulates a Human Resource Plan.	Report back to the senate on the status of compliance with the

	had not developed a Human Resource Plan.	establishment and organizational structure was used by the board as the basis to carry out the staff recruitment during the financial year under review. Further, Human Resource Plans are a replica of the staff establishment and organizational structure. The departments also adequately identified and budgeted for the recruitment of the staff.			recommendations within sixty (60) days of the adoption of this report.
2	Lack of Information and Communication Technology and Strategic Plan There were no ICT and Strategic Plan in place. Lack of strategic planning means that future events are not anticipated and planned for.	We note the auditor's observation, the management is developing critical policy document to help in managing and improving county service delivery. Some of these policies includes ICT Disaster Recovery	The Committee observed that the County Executive admitted that the ICT strategic plan is in draft level.	The Committee recommends that the County Executive promptly finalizes the formulation of the ICT strategic plan.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

		Plan and ICT Strategic plan which are available in Draft Level as attached.			
3	Action on Internal Audit Reports by the County Executive 1. Staff Shortage: Out of the approved 38 staff members, only 4 were present. 2. Absence of a Substantive Office Holder: 3. Lack of an Approved Budget and Workplan: Without an approved budget, 4. No Internal Audit Charter: 5. No Risk Management Reports:	No Response provided.	The Committee observed that the County Executive did not address the issue.	The Committee recommends that: The County Executive takes immediate corrective action to strengthen the internal audit function by addressing the following key issues: 1. Staff Shortage The County should urgently recruit additional staff to fill the 34 vacant positions to ensure effective internal audit operations. The County Public Service Board should prioritize recruitment and capacity building for the Internal Audit Unit.	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.

				2. Absence of a Substantive Office Holder The County should immediately appoint a qualified and competent Internal Auditor to lead the unit. The appointee should meet the professional qualifications and experience required under the Public Finance Management Act, 2012. 3. Lack of an Approved Budget and Workplan The County Treasury should allocate a dedicated budget for the Internal Audit Unit to enable effective execution of its mandate. An Annual Audit Workplan should be developed and	
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				approved by the County Executive Committee to enhance accountability and oversight. 4. No Internal Audit Charter The County Executive should develop and adopt an Internal Audit Charter that defines the unit's authority, responsibilities, and reporting structure in line with best practices. The Charter should be aligned with the International Standards for the Professional Practice of Internal Auditing (IPPF) and the Public Finance Management Act. 5. No Risk Management Reports	
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				The County should establish a Risk Management Framework to identify, assess, and mitigate financial and operational risks. The Internal Audit Unit should prepare and submit quarterly risk management reports to the County Executive and the County Assembly for oversight.	
4	Failure of the Audit Committee to Meet as Required The Audit Committee had not met since 23 June, 2023. Further, there was no evidence that the Audit Committee was in existence during the year under audit.	No Response provided.	The Committee observed that the County Executive did not address the issue. 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 Executive ensures that the audit committee is established and meets as required by regulation 172(1) Public Finance Management (County Governments) Regulation, 2015. The Committee recommends that the County Governor undertakes administrative action against the officer(s) who failed to provide documents to the Auditor-	Report back to the senate on the status of compliance with the recommendation s within sixty (60) days of the adoption of this report.

				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 Auditor General audits the outstanding matter in the subsequent audit cycle.	
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REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KILIFI COUNTY EXECUTIVE FOR THE FINANCIAL YEAR 2023/24.

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1	Inaccurate Statement of Comparison of Budget and Actual Amounts	unreconciled variances of Kshs.372,510,877, Kshs.372,510,877 and Kshs.2,610,004	The Variance of Kshs. 372,510,877 was as a result of misclassification where payment to transfer to Kilifi and Malindi municipalities had initially been erroneously treated as grants and transfers in both statements in the	The Committee observed that there were several variances between the budget and the actual amounts.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide	Within 60 days after adoption of the report.

			financial statements submitted on. This error was adjusted in the amended financial statements but the amendment was done in the statement of receipt and payments, cashflow and notes to the financial statements but erroneously left out in the statement of comparison of budget and actual amounts. Journals are herein attached as Appendix 1.1 The Variance of Kshs.2,610,004 was due to misclassification of transactions relating to acquisition of assets which were initially		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 Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants	
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			recorded as use of goods.		Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210	
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					(k) of the Public Finance (County Governments) Regulations, 2015.	
2	Inaccurate transfers from County Revenue Fund (CRF)	unexplained variance of Kshs.115,171,911 between receipts and payments and CRF financial statement	The variance of Kshs.115,171,911 is a transfer from County Revenue fund direct to Kilifi County Climate Change which is a self-reporting fund. Kindly find attached herein Appendix 1.2 which is a copy of the Climate Change cashbook.	The County Executive is taking the role of the County Revenue Fund by receiving Funds for the County Assembly and Transferring them to it, Instead of the same funds transferred to the County Assembly directly from the County Revenue Fund.	The committee recommended that the receiver of revenue should transfer the funds to CRF directly. In addition, the separation of roles is adamant to ensure accountability in the County.	Within 60 days after adoption of the report.

3	Inaccuracies in compensation of employees	• Unexplained variance of Kshs.120,076,771 between payment of basic salaries for permanent employees and IPPD. • Kshs. 243, 948, 050 in respect of basic wages of temporary employees where the casual staff register containing the casuals' bio data was not maintained. •	The financial statements were prepared under IPSAS cash basis. Variance because of unpaid June 2024 basic salaries of Kshs. 183, 932, 364.65 was paid in the month of September 2024, payment of Manual Salaries of Kshs. 9, 336, 948.20, Recovery of salaries of Kshs.478,835.80, misclassification of Kshs. 54,518,646 which relates to personal allowances paid as part of salaries erroneously charged in basic Salaries. Casual staff registers are maintained at the Departments where the staff are stationed. The consolidated	The Committee observed that a variance of Kshs. 120,076,771 in basic salary payments for permanent employees was unexplained, and Kshs. 243,948,050 was paid to temporary employees without a casual staff register. This violates Section 68(1)(a) of the Public Finance Management Act, 2012, which requires proper record-keeping and accountability for public funds.	The Committee recommends that- 1. The Office of the County Governor undertakes administrative actions 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	Within 60 days after adoption of the report.
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			casual staff register with bio data information is herein attached		the Committee within 60 days from the adoption of this report. 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.	
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4	Unsupported Long Outstanding Imprests and Advances Balance	• Imprest register was not provided for audit review • Unsurrendered imprest • Kshs.84,736,863 receivables from KRA and loss of cash which management confirmed that it is still in court has not been disclosed under annex 8 on contingent liabilities	The County Executive has been making recoveries of the outstanding imprest with accumulated interest at Central Bank rates. As at the 19th day of March, 2025, the sum of Kshs. 4, 076, 507.25 had been surrendered and recovered. Kenya Revenue Authority Kshs. 41, 496, 123 were funds erroneously recovered by KRA due to accounting errors which occurred at a time of integration of withholding taxes in the IFMIS system and KRA system. Kilifi County Executive moved to Court for recovery of the full	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.	1. 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 Government s) Regulation. 2. The Committee further recommends the sanction and surcharge of Accounting Officers who fail to	Within 60 days after adoption of the report.
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			amount and the case is still ongoing. The Court scheduled the matter for mention on the 2nd day of April, 2025 to confirm settlement. Loss of Cash Kshs.43,240,740 lost through fraud in the year 2016 and the County reported the matter to EACC and Anti Banking Fraud Unit. Investigations were commenced and the suspects taken to Court. The County filed recovery proceedings against all recipient companies and both matters concluded in Court and EACC is expected to make a follow up.		recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.	
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5	Inaccuracies in Deposits and Retentions Balance	The balance includes contractor's retention balance held in a local commercial bank of Kshs.22,900,728 whose corresponding cashbook had a balance of kshs.1,576,079 resulting to unexplained variance of Kshs.21,324,649	Bank Account Number 0028950001 held at Diamond Trust Bank Limited in the name of the County Government of Kilifi - Projects Retention Account was closed on the 2nd day of August, 2024. The County Executive spent Kshs.105,398,506 in the financial year 2016/2017 from the Retention account to pay July 2016 salaries caused by delay in release of funds from the national treasury. Kshs.84,073,857 repaid leaving a balance of Kshs.21,324,649 to repaid before the end		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; 1. The Institute of Certified Public Accountants of Kenya (ICPAK) takes action(s) against the	Within 60 days after the adoption of the report.
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			of the financial year 2024/2025.		responsible officer(s) for 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; and 2. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the	
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					Public Audit Act, Cap.412B.	
6	Inaccurate and unsupported pending bills balance	- Kshs. 5, 953, 300, 955 relates to pending accounts payables and Kshs.138, 039, 126 relates to pending staff payables. Kshs.4, 548, 562, 713 in respect of additions for the year. Invoices and payment demand notices not provided. - Kshs.1,879,424,619 accounts payables paid during the year while Note 3 reflects payments in respect of other creditors totalling Kshs.988,217,122 resulting to a variance of Kshs.891,207,497	The unexplained variance of Kshs.13,166,678 was an arithmetic error in the computation of the balance carried forward in the financial year 2022-2023. No introduction of new creditors. The invoices and payment demand notices are available. The pending bill variance of Kshs. 908, 616, 218 between Note 3 to the financial statements and Annex 2 to the financial statements are pending bills which were paid during the financial year 2023/2024 charged directly to their respective	The Committee observed that- 1.The County Executive had not settled all its pending bills at the time of the audit; 2.Pending payables of Kshs. 5,953,300,955 and staff payables of Kshs. 138,039,126 lacked supporting documents, with a variance of Kshs. 891,207,497 in accounts payables. An unexplained variance of Kshs. 13,166,678 in staff payables	The Committee recommends that: 10. 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 11.that- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public	Continuous

		pending staff payables of Kshs.138,039,126 includes a brought forward Kshs.97,033,925 which was restated from Kshs.83,166,678 resulting to an unexplained variance of Kshs.13,166,678	economic lines which they had been charged in the previous financial year.	violated Section 68(1)(a) of the Public Finance Management Act, 2012, requiring proper record-keeping.	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 Revenue Fund, failure to which the subsequent quarter	
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					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 exchequer releases; iii. County Governments shall only pay pending Bills contained in their	
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					respectively procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management Act (County Government Regulations; iv. Supplement ary budgets for county government s are prepared in the 3rd Quarter to curb instances of arbitrary re- allocations out of the	
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						approved budget estimates; v. County government s, in consultation with 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 government	
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					s shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
7	Unsupporte d Payments on Emergency Relief and Refugee Assistance	• Kshs.44,639,728 on payments on emergency relief and refugee assistance made to four companies for supply and delivery of relief food.	Central Stores used to receive goods procured for emergencies and disaster affected-populations. The Department of Special Program ordered for	The Committee observed that payments of Kshs. 44,639,728 for emergency relief food lacked weighbridge reports and delivery vehicle details, violating	The Committee recommends that; - 1.The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide	Within 60 days after the adoption of the report.

		No weighbridge reports and details of delivery vehicles from the central stores to the distribution points.	several food items through LPOs.	Section 68(1)(a) of the Public Finance Management Act, 2012, which requires proper documentation and accountability of public funds. 4o	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; 3. The Institute of Certified Public Accountants of Kenya (ICPAK) takes action(s) against the responsible officer(s) for gross negligence in the conduct of professional duties which constitutes a professional misconduct	
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					pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531; and 4. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B.	
8	Unsupporte d payments on Constructio n and Civil works	• Kshs.33,754,633 incurred on construction of water works not supported by status report of the contracts prepared by Project Implementation	The project implementation committee appointed and conducted project inspection and acceptance exercise on the projects.	The Committee observed that construction expenses of Kshs. 33,754,633 lacked status reports, Kshs.	The Committee recommends that; - 1.The Office of the County Governor undertakes administrative action against the responsible officer(s) who	Within 60 days after the adoption of the report.

		Committee and submitted to the accounting officer. • Evidence of reporting the contracts awarded to Public Procurement Regulatory Authority not provided. • Taxes deducted but not remitted • Implementation of projects valued at Kshs.58,798,299 inconsistent with the Bills of Quantities.	The inspection and acceptance reports submitted to the chief officer. The projects in question were low and medium valued projects with no complexity since some were completed in a month or less thus monthly reporting to the PPRA wasn't a necessity. Taxes were deducted upon the validation and IFMIS payment as per the attached payment copies. This projects was partly done as at the audit period and partly paid as per Payment Certificate Number 1. Upgrading of Mwavumbo Pump	58,798,299 in projects deviated from Bills of Quantities, contracts were not reported to the Public Procurement Regulatory Authority, and deducted taxes were not remitted, violating the Public Procurement and Asset Disposal Act, 2015, and the Tax Procedures Act, 2015.	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; 5. The Institute of Certified Public Accountants of Kenya (ICPAK) takes action(s) against the responsible officer(s) for gross negligence in the conduct of professional duties which constitutes a professional	
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			Station, project was partly paid the sum of Kshs.7,000,000 out of the Kshs 13, 483, 600 contract sum. Two (2) Pumps were installed but the station has Power fluctuation challenge thus the two pumps cannot operate at the same time. The project is now complete. The unpaid taxes included in the pending bill payable report FY 2024-2025.		misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531; and 6. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B.	
OTHER MATTERS						
9	Budgetary Control and Performance	The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.	The under-utilization was caused by Late approval of the FLLOCA grant by the Controller of Budget, DANIDA fund was	The Committee observed that; o) the county entities did not receive exchequer	The Committee recommends that; - 4) The National Treasury should ensure	Continuous

			approved but credited to the wrong special purpose account No. 1000268492 therefore necessitating for the funds to be returned to CRF for onward transmission to the right account. The under-funding of 29% was caused by Non-disbursement of June 2024 exchequer of Kshs.968,736,043 from National Treasury and Unreceived allocation for mineral royalties of Kshs.950,062,289 from National treasury, Unreceived WSDP grant Kshs.292,373,481 from National Treasury, Unreceived Aggregate Industrial	releases from the National Treasury on time. p) 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. q) Most Counties fail to undertake public participation on supplementar	timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate. 5) the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls. 6) County Assemblies to exercise their powers as outlined	
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			Park Kshs.100,000,000 from National treasury, Unreceived Leasing of medical equipment of Kshs.124,723,404 from National treasury and Unreceived Provision of fertilizer subsidy program in the sum of Kshs.134,390,478 from National Treasury.	y 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.	in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations.	
10	Unresolved Prior Year Matters	Various prior year audit issues remained unresolved as at 30 June, 2024.	The County Executive has not received recommendations from Senate. We shall implement the recommendations immediately we receive the same from the Senate.	The committee observed that issues from previous financial years had not been resolved.	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	Within 60 days after the adoption of the report

					report to the Auditor General within 60 days of the adopting this report.	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						
11	Non-Compliance with National cohesion and	Total staff of Four thousand four hundred and nine (4,409) and three thousand four hundred and ninety-six (3,496) or 79% from the dominant community.	In the financial year (2024/2025), the Kilifi County Public Service Board appointed Seventy-Six (76) officers of whom Twenty-Nine (29), 38.1% were from communities that are non-dominant in Kilifi County	The Committee observed that; - 1) there was no ethnic diversity among the County Executive employees. 2) that 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	The Committee recommends that- 3) The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 4) The Standing Committee on National Cohesion	Continuous

				establishment shall have more than one-third of the staff from the same ethnic community.	and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.	
12	Non-Compliance with the One-Third Rule on Basic pay	various employees had deductions that were more than two thirds of their basic pay	- Introduction of housing levy - Imprest recovery - Interdiction	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.	The Committee 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 as well as	Continuo us

					comply with the requirements of law; 4. the county should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and 5. The Auditor General should continue monitoring the issue in subsequent financial years.	
13	Irregular promotion of staff	Eighty-seven (87) staff members promoted were not included in the list of members of	The detailed response to the 87 staff observed by the auditor as per the auditor's appendix is provided in the table			

		staff promoted or redesignated.	below as appendix 3.1 c			
14	Irregular Retention of Employees Beyond Retirement Age	Twenty-six (26) employees above 60 years; 65 years for persons with disabilities were still in the staff register	After staff retirement, their names still remain in the IPPD staff register for two to three months pending clearance. During this period, the staff do not earn any salary.			
15	Irregular payment of training expenses	- Kshs.36,193,802 in respect of training expenses not supported with training needs assessment and training plan. - There was no evidence of approval of course by County public service board for officers	The reading of Section 16 of the Office of the County Attorney Act is with respect to engagement of consultant (legal) by departments or agencies i.e. Municipalities or CPSB or any other agency/entity, directly. The import of this provision is, these entities would want to use the private	The Committee observed that training expenses of Kshs. 36,193,802 were incurred without a training needs assessment, training plan, or evidence of course approval by the County Public Service Board, violating Section 5(1) of	The Committee 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.	Within 60 days after adoption of the report.

			consultants (legal) and not the Legal Services Providers (Advocates) procured under the Office of the County Attorney. Management acknowledges the presence of two professional opinions dated 8th January 2021 and 24th June 2014 The legal professionals; advocates, should not participate in any bidding process relating to public procurement for legal services as this is contrary to the Advocates Act and the Advocates (Remuneration) Order which standardized the fees payable and	the Public Service Commission Act, 2017, which requires merit-based training and development programs.		
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			discourages soliciting or touting for legal services			
16	Irregular procurement of works on Construction of Roads	• Kshs. 46, 428, 927 incurred in road grading and upgrading services where the signed contracts did not specify the procurement number • funds drawn from recurrent expenditure. • Road drawings issued during the procurement process were similar to those used in other road works projects. • Kshs.171,474,043 were not supported by filled certificate of measured	• Shall in the future be specifying the procurement numbers in the signed contracts. • The funds used for these road works were drawn from the recurrent expenditure, the work is recurrent in nature under the Vote item 2220207 Maintenance of Roads, Ports and Jetties. • It is true that the road drawings issued during the procurement process for the nine (9) roads were similar to those used in other road works projects; tender documents have sample	The committee observed that Road works totaling Kshs. 46,428,927 lacked procurement numbers, Kshs. 171,474,043 lacked supporting documents, and Kshs. 182,069,861 in contracts had omitted Bill of Quantities items, violating the Public Procurement and Asset Disposal Act, 2015, which mandates	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 duties which constitutes a professional misconduct.	Within 60 days after adoption of the report.

		works, site inspection minutes, instructions and detailed report by the inspection and acceptance committee. • Nine (9) road and bridge projects with a total contract sum of Kshs.182,069,861 revealed that items which were in the Bill of Quantities were omitted	drawings which are standard as provided for by the Public Procurement Regulatory Authority. • All the road works were done in accordance with the Bills of Quantity. Some of the signages including the one on Chidongo, Mbungoni, Kwas Bengoja to Maereni, etc. were vandalized	transparency and proper documentation in procurement.		
17	Irregular procurement of Consultancy Services	• Kshs.6,503,243 was paid for consultancy services to three (3) companies with all the tender opening committee members were	• The purpose of separating tender opening and evaluation committees in the manual procurement process was to ensure that no new		The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement	Within 60 days after adoption of the report.

		involved in tender evaluation • payment vouchers and project file were not supported with an evaluation report. In addition, payment was not supported with work plan and project manager relevant experience • payment voucher and project file not supported with audited accounts for two (2) years as per the technical evaluation report	tender documents will be introduced in the evaluation stage. • No tender opening committee is required IFMIS system; only have the tender scoring and unsealing stages. • The tender scoring is equivalent to the tender Evaluation and comes immediately after the tender closure. Unsealing which proceeds after scoring is not equivalent to tender opening. • The provision of the audited financial account was not a mandatory requirement but a technical requirement.		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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			The work plan and project experience maintained in the procurement file.			
17	Irregular payments on procurement of Internet Services	Kshs.6,461,245 on procurement of internet services whose contracts lack end date, failure to clarify who will act as the data controller and the data processor, failure to mention data security measures.	- In agreement - We shall put in measures to comply with the provisions of Section 25 of the Data Protection Act, 2019.	The Committee observed that the management did not abide to the provision of Section 25 of the Data protection Act 2019.	The Committee recommends that; - 3. The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services 4. The Kenya Institute of	Within 60 days after adoption of the report.

					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 duties which constitutes a professional misconduct.	
18	Irregular payments to the Council of Governors	Kshs.3,000,000 was paid to the Council of Governors.	This was an annual contribution and legal fees to the Council of governors.	The Committee noted that payments made to the Council of Governors from County Revenue Funds were	The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and	Immediate

				irregular and unlawful since the Intergovernmental Relations Act specifies that funding for the COG shall be drawn from the Consolidated Fund.	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.	
19	Failure to Mobilize Resources for Construction of County Aggregation and	The County entered into a contract for the construction of County Aggregation and Industrial Park with a	The County Executive allocated 50 million in the FY 2023/2024 and the National Treasury allocated 250 million in FY 2024/25. The balance of		1) The County Executive establishes a project management and monitoring System to help in proper project conceptualization	Within 60 days after adoption of the report.

	Industrial Park	contractor at a contract sum of Kshs.515,077,919; the National Government was to raise an amount of Kshs.250,000,000 and the County was to contribute an amount of Kshs.250,000,000 thus the source of the excess cost of Kshs.15,077,919 not be established. the site not secured with a gate and sign board had not been erected	215,077,919 will be provided for by the County Executive. The site is now secured with a gate and the sign board is available as per the photos		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 existing and stalled projects and provide a budget for their	
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					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.	
20	Irregular Payments for construction of Mtwapa Law Courts	- The County Executive spent funds on a mandate that belongs to the National Government as outlined in the 4th Schedule of the Constitution - Agreement with the Judiciary on how the judiciary will	- The Management acknowledges that Courts are classified as functions of the National Government under Part 1, Paragraph 8 of the Fourth Schedule of the Constitution - The promulgation of the	The committee observed that the County Executive spent funds on a National Government mandate per the Fourth Schedule of the Constitution without an agreement with the Judiciary,	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	Within 60 days after adoption of the report.

		provide judges, Registrar and court clerks.	Constitution of Kenya, 2010 paved the way for the devolution of government. • The National Council for Administration of Justice and the Council of Governors as established under Section 34 of the Judicial Service Act, 2011 and Section 19 of the Intergovernmental Relations Act, 2012 respectively on 10th March 2016 entered into a Memorandum of Understanding on Framework on the	violating Article 6(2). 4o	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 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;	
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			Administration of Justice within the Context of Devolution across Kenya. • To reduce travel time to Kilifi and Malindi courts • Minutes of CUC Meeting held on 30th October, 2020, Minutes of CUC Meeting held on 22nd February, 2022 and Judiciary Internal Memo dated 5th July 2023 from Chief Registrar of Judiciary to All Head of Stations and All Court Administrators on Transitioning of County		3) 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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			Court Cases to the Judiciary and Registration of the Cases on the Case Tracking System (CTS) to demonstrate the proof to justify the new court premises and evidence of agreement with the Judiciary on how Judiciary will provide Judges, Registrar and Court Clerks availed			
21	Failure to fully implement County Integrated Hospital Management Information System	• Kshs.31,644,827 paid to a supplier for supply, delivery, training and commissioning of County Integrated Hospital Management	• Inpatient and financial modules are implemented. • scaling up and utilization of these modules to all service delivery points has not been completed due	The Committee observed that payment of Kshs. 31,644,827 for the County Integrated Hospital Management Information	1) The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and	Within 60 days after adoption of the report.

		Information System. The system has five (5) Modules; the inpatient and financial modules have not been implemented. • Service level agreement and handing over report were not Provided.	to inadequate computer hardware. • The handing over report is not yet ready since the handing over has not yet been done because the software is under six (6) months for monitoring and observation before handing over.	System was made despite the non-implementation of inpatient and financial modules, and the lack of a service level agreement and handing-over report, violating Section 68(1)(a) of the Public Finance Management Act, 2012, which requires accountability and proper documentation of public funds.	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 existing and stalled projects and provide a budget for their completion and provide a status	
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					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.	
22	Irregular Advance payment for supply and delivery of computed Tomography (CT) scan machine	• Kshs.75,920,000 for supply and delivery of CT scan machine • The contract amount was paid in full on 30 June, 2024 as advance payment exceeding twenty percent (20%) of the price of the tender.	• The Department of Health and Sanitation Services conducted a survey and after several engagements and consultations found out that Siemens Healthneers AG in Germany was the best option in the market to	The Committee observed that the full contract amount of Kshs. 75,920,000 for a CT scan machine was paid as an advance payment exceeding 20% of the tender price, violating Section 147(1) of the Public Procurement and Asset Disposal	1. The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of	Within 60 days after adoption of the report.

			provide this particular standard of equipment. • Procurement done through their licensed dealer in Kenya Elsmed Kenya Ltd • Dealer insisted on payment of 100% • The CT Scan Machine was delivered in the county on 3rd January 2025 and has since been Installed; commissioned the CT Scan Machine on the 6th day of March 2025. The Machine is now full operational and in use.	Act, 2015, which limits advance payments to 20%.	goods and services amounting to Kshs. 10,553,811 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 CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
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23	un utilized incinerator and X-ray machine	• Kshs.33,499,810 paid to supplier for supply and delivery of incinerator, the incinerator was delivered on 5 March, 2024 but had not been put into use in October, 2024. • Kshs.14,499,630 was paid for supply and delivery of digital x-ray machine, delivered on 22 February, 2024 but in use in October, 2024	• Dormant Incinerator: The housing of the machine is dependent on the type of the machine. Machine procured before the designs and BQs were developed. • The incinerator house is presently 95% complete. • Digital X-Ray Machine: the delay in utilization of the Digital X-ray machine was occasioned by procurement and delivery of imaging machines happened at different times in the procurement	The Committee observed that payments totaling Kshs. 47,999,440 were made for an incinerator and a digital X-ray machine, but both remained unused months after delivery, violating Section 68(1)(a) of the Public Finance Management Act, 2012, which requires efficient use of public resources.	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 Days from the date of adoption of this report;	Within 60 days after adoption of the report.
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			process. The delivery and installation of the CT scan took a bit of time and delayed the entire process. The Radio-Diagnostic Centre is fully equipped and operational.		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 OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
24	Irregular Payments on Other Transfers, Grants and Subsidies	Kshs.18,344,184 made to various companies and individuals in respect of suppliers for	There was an error that occurred during the uploading of the budget to the various budget vote book lines which resulted in a	The Committee observed that payments of Kshs. 18,344,184 for Sub County Level IV	The Committee recommends that The County Executive should ensure that all payments are	Within 60 days after adoption of the report.

		Sub County Level IV Hospitals equipment. The payments were wrongly charged to other grants and transfers	shift of funds allocated for the Purchase of Medical Equipment into Other Current Transfers, Grants and Subsidies. This necessitated the charging of the same under the vote of other current transfers worth Kshs 7, 668, 371.25 for the purposes of Purchase of Medical Equipment.	Hospitals equipment were wrongly charged to other grants and transfers, violating Section 40(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires accurate budget classification.	correctly charged to their respective budget votes in compliance with Section 40(1) of the Public Finance Management (County Governments) Regulations, 2015, which mandates proper budget classification. Additionally, financial controls should be strengthened to prevent misallocation of funds, and all expenditures should align with approved budget estimates to enhance	
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					accountability and transparency.	
25	Unserviceable Motor vehicles and Equipment	seven hundred and fifty-eight (758) motor vehicles but one hundred and sixty-four (164) were grounded and unserviceable. Management did not provide the Annual Disposal Plan.	As at the time of audit, the disposal plan had not been prepared because the devolved motor vehicles and machinery had not been verified and valued by the Intergovernmental Relations Technical Committee (IGRTC). Copies of ownership documents (log books) were handed over to the County Government of Kilifi by the Intergovernmental Relations Technical Committee (IGRTC) on the 8 th day May 2024.		1) The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services amounting to Kshs. 10,553,811 2) The Kenya Institute of Supplies Management (KISM) takes	Within 60 days after adoption of the report.

					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.	
26	Irregular payments on Office Furniture and General Equipment	• Kshs.634, 685 relates to purchase of office furniture. • fifty-five (55') inch TV valued at Kshs.151,450 was not functional, eight (8) office	• The 55" inch TV was functional, only that the power cable was faulty. • Office of the Governor was under renovation, the		1) The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various	Within 60 days after the adoption of the report.

		chairs and four (4) desks had not been issued while two (2) chairs and office desks were not verified and the assets were not recorded in the assets register.	chairs and the office desks could not be issued to the particular officers. The 2 chairs and the 2 office desks which had not been verified at the time of audit had been issued to the communication office to be used by the secretaries to the chief officer. • Furniture had been recorded in the asset register		provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services amounting to Kshs. 10,553,811 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 CAP 537 for gross	
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					negligence in the conduct of their professional duties which constitutes a professional misconduct.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
27	FAILURE TO ACT ON INTERNAL AUDIT REPORTS	- No responses and action plans from accounting officers to prove that recommendations had been implemented - Several departments did not respond to issues raised by Internal Audit Unit - Only two meetings by the inter	Agrees with the observation Going forward, the County Executive will ensure that all departments have come up with a plan of how they will fully implement the recommendations. Members were appointed in May 2024 and inducted into office in July 2024, indicating that the committee would be operational by the beginning of the	The Committee observed that accounting officers did not provide responses or action plans on recommendation implementation, several departments failed to address internal audit issues, and only two meetings were held, violating Section 155(2) of the Public Finance	The Committee recommends that the County Executive should ensure timely responses and action plans for audit recommendations, with departments addressing internal audit issues as required by Section 155(2) of the Public Finance Management Act, 2012, to enhance accountability and compliance.	Within 60 days after adoption of the report.

			financial 2024/2025.	year	Management Act, 2012, which mandates timely audit follow-ups.		
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF TANA RIVER COUNTY EXECUTIVE
FOR THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
1	Variance between Financial Statements and IFMIS	-Financial Statements and IFMIS amounts do not agree -Nature of errors, amounts corrected and restatements made have not been disclosed or supported by Journal vouchers	The variance is largely occasioned by the expenditures that are classified as ‘Other Payments’ which relate to pending bills. On the Financial Statement, expenditure on pending bills is distributed to the specific expenditure category, which in this case is largely ‘Acquisition of Assets’	No Journal vouchers and approvals for correcting errors provided	4. 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	60 Days from the date of adoption of this report.

2	Inaccuracies in the Financial Statements	-Financial statement reflect several amounts that are inconsistent with recomputed amounts -Note 20 reflect Pending bills balance carried forward of Kshs.4,152,618,916	- The Budget for the FY 2023/24 was Kshs.6,706,881,710 (excluding bal b/f from the FY 2022/23 of Kshs.1,119,178,403). Out of this amount, the County Executive spent Kshs.6,402,768,835 as per the audited financial statements. As such, the County spent within the approved budget. - In the financial statements, the analysis of pending bills was provided as an annex. The same is hereby availed for audit review.	Summary of Approved Budget and Analysis of pending bills schedule not provided	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; 5. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
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3	Inaccurate Compensation of Employees	-Financial statement reflect Compensation of employees expenditure of Kshs.1,945,696,586 against payroll amount of Kshs.1,907,249,206 resulting to unreconciled variance of Kshs.38,447,380	• Compensation of employees of amount Kshs.1,945,696,586 comprised of Gross pay from employees, Employer Pension Contributions, Employer NSSF Contributions, Employer Housing Levy Contributions, casual employees, airtime and other salary related cost. - Gross pay from employees, Employer Pension Contributions, Employer NSSF Contributions, Employer Housing Levy Contributions amounted to Kshs.1,907,249,206 - The variance between the compensation of employees (Kshs.1,945,696,586) and the Gross Pay (Kshs.1,907,249,206) is Kshs.38,447,380. This	Causal employee payroll and public service Board approvals not provided.	
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			variance comprised of casual employees, airtime and other salary related cost			
4	Unaccounted for Fuel, Oil and Lubricants	Fuel, oil and lubricants expenditure of Kshs.29,500,000 not supported by motor vehicle work tickets, list of authorized vehicles, bulk fuel register, detailed orders and vendor statements	The management has noted the auditor's observation on the above subject matter and attributes the lack of support for expenditure on fuel, oil and lubricants to the delay in mobilizing the documents from the various county departments within the timelines provided during the audit.	Work tickets not availed List of authorized vehicles Fuel register and detail of orders is not provided		
7	Undisclosed Bank Balances	The Bank Balance of Kshs.105,513,302 excludes balances held in thirty-one (31) bank accounts which have not been disclosed. The bank account for Galole Farmers	- The undisclosed bank accounts relate to bank accounts for self-reporting entities like County public funds and dispensaries. - The negative balance in the Galole	Details of Bank Accounts for the said entities are not provided	1. The Office of the Auditor General conducts a special inquiry on all bank accounts belonging to the county	60 days from the date of adoption of this report.

		Training Center reflect a negative balance amounting to Kshs. (4,420).	Farmers Training Centre was brought about by bank charges applied on the account. To remedy this, the County Treasury wrote to the bank to request that the account should be classified as government accounts which does not attract bank charges.		government, to confirm all statuses of the accounts relating to deposits and withdrawals and report to the Committee within 60 days of the adoption of this report.	
8	Unsupported Deposits and Retentions Balance	Deposits and retentions balance of Kshs.55,705,587 whose movement schedule showing opening balance, additions and payments in the year to arrive at the closing balance was not provided.	This was occasioned by competing demands on the responsible officer during the audit. The movement schedule is hereby availed for audit	Support schedule availed has no details of the suppliers paid and contract details	2. The Office of the County Governor undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the	

					Public Finance Management Act, 2012;	
9	Unsupported Pending Bills	- The detailed schedule relating to pending bills of Kshs.4,152,618,916 was not provided. - Unreconciled variance of Kshs.544,746,327 could not be confirmed.	A detailed pending bills schedule amounting to Kshs.4,152,618,916 is availed for review.	Schedule supporting the variance amount has not been provided	The Committee recommends 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 - that- - pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments)	60 Days from adoption of this report.
3.1	Failure to Pay Pending Bills as First Charge	Kshs.4,128,424,305 did not form a first charge on the County Revenue Fund.	The amount of pending bills (both the Kshs. 4,128,424,305 in respect of balance brought forward and Kshs. 3,760,704,212 as at 30 June, 2024) includes a Kshs. 1.6 billion of ineligible pending bills for the FYs 2018/19 and 2019/20 which have been			

			committed to the Ineligible Pending Bills Verification Committee. In the FY 2023/24, the County utilized all the budgetary provision to settle the eligible pending bills (for FYs 2018/19 and 2019/20) and for later years based on the assessment of need to secure the realization of planned results or critical services. In the FY 2023/24 and in subsequent years, the County has maintained a pending bills payment plan.		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 exchequer releases; iii. County Governments shall only pay pending Bills contained in	
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					their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. Supplementar y 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 a budget for completion of all existing projects and that initiation of new	
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					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.	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
1.1	Irregular Payments of Hospitality Expenses	- Kshs.3,850,000 made to Jumuiya Ya Pwani Economic block not supported by any law or policy guidelines - Seminars of Kshs.6,827,435 not	The Constitution of Kenya (2010); the IGRTC and the Intergovernmental Relations Act 2012, Section 6(3) of the County Government Act 2012 provides:	Supporting documents not included in annex provided	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the	60 Days from the date of adoption of this report

		supported by program event or timetable	A county government may enter into partnerships with any public or private organization in accordance with the provisions of any law relating to public or private partnerships for any work, service or function for which it is responsible within its area of jurisdiction.”support documents for payments are availed.		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 Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
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1.2	Irregular Procurement of Non-Pharmaceuticals	Unsupported purchase of non-pharmaceuticals from suppliers not registered with Medical and Pharmacy Board of Kshs.26,204,500	Supply of non-pharmaceutical items does not require registration with the Kenya Medical and Pharmacies. Dentists Council. For the supply of pharmaceutical items (drugs), the County Government contracted KEMSA and Bibo Pharmaceutical Limited, all that are registered with Medical and Pharmacy Board. The agreement was for one (1) year and ran from 15th Nov 2023 to 15th November 2024. This procurement was done within the duration of the framework agreement. Market survey for prices to ensure the terms designated in the framework agreement remain competitive	Supporting documents availed Authenticity to be verified	1. The Office of the County Governor undertakes administrative action against the Head of 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;	60 Days from the date of adoption of this report
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			Professional opinion was dated 30th October 2023 The LPO for non-pharmaceuticals worth Kshs 3,973,005 was issued to Spindle Kenya Limited on 07th February 2024. Subsequently, the goods were received on 19th February 2024.		2. The Kenya Institute of Supplies Management (KISM) takes 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; 3. The Office of the Auditor General to keep the matter in view in the	
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					subsequent audit cycle.	
1.3	Poor Management and Storage of Drugs	- Expired drugs of unknown value were yet to be disposed. - The health facility (Holo level four hosp) lacked an electronic system, processes, and procedures for maintaining drug inventories.	The installation of an incinerator is completed and disposal of waste is ongoing, the County plans to purchase a medical waste management truck. Deployment of a Store Manager who is responsible for maintaining updated stores records to facilitate tracking, movement and monitoring of drug conditions. Procurement of an electronic Health Management Information System. Included in the system is a module on inventory management.	Budget and Bin cards availed are for 2024/2025 financial year	The County Executive should ensure that the hospital's drug management system be automated with controls that restrict drug expiration dates to those exceeding one year, thereby minimizing losses	60 Days from the date of adoption of this report
1.4	Irregular Procurement of Animal Vaccines and Drugs	- Purchase of animal vaccines and drugs of Kshs. 5,898,187 by the	KEVEVAPI operates through a network of authorized agents and direct sales, rather than a	Suppliers did not meet the set criteria hence there was	1. The Office of the County Governor undertakes administrative	60 Days from the date of adoption

		department of livestock from a supplier not registered with the Kenya Veterinary Vaccines Production Institute. - Deliveries were made after the Local Purchase Order validity period of thirty (30) days had lapsed and, in some instances, Local Purchase Orders were raised way after the goods were supplied.	formal membership structure. To ensure the quality and legitimacy of the procured vaccines, we rigorously verified the supplier's partnerships with licensed professional partners. These partners are duly registered with the Kenya Veterinary Board and hold valid licenses to handle and distribute veterinary pharmaceuticals, in accordance with the Veterinary Medicines Directorate Regulations of 2015. This demonstrates that, while the supplier may not have direct KEVEVAPI membership, they operate within a legitimate and regulated supply chain, ensuring the quality and safety of the vaccines.	irregularity in the procurement process	action against the Head of 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; 2. The Kenya Institute of Supplies Management (KISM) takes action(s) against	of this report
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			All LPOs were generated and approved prior to the delivery of the vaccines and drugs		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; 3. The Office of the Auditor General to keep the matter in view in the subsequent audit cycle.	
1.5	Unsupported and Irregular Payments on	- Payment schedules, motor vehicle work tickets or	The support documents have been availed	Key documents were not	1. The Committee recommends that	60 Days from the date of

	Domestic Travel and Subsistence	bus tickets or boarding pass, attendance registers, reports of the meetings and the purpose of the travel were not provided at the time of audit.		provided during the audit.	the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation.	adoption of this report
1.6	Irregular Payment of Overseas Meeting Allowances	- Support documents- invitation letters to participants, back-to-office report documenting the outcome of the mission, lessons learned and experience gained by participants in regard to foreign travel and subsistence expenses were not provided. - No justification was provided for holding a local economic block	Invitation letters and back-to-office reports are hereby availed for your review The Trade Investment and Education Exchange Mission is a vehicle to the actualisation of PPP arrangements as a bloc for the assurance of a collective responsibility and approach in investment promotion, research and skills development under Education, Employment creation and Investor onboarding for the Coast	The indicated annex does not have the supporting documents	2. 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	

		event outside the country.	Region Counties. (refer to TIEEMS Concept Note).		Government) Regulations, 2015.	
1.7	Advance Payment of Insurance Expenses	Lack of utilization monitoring mechanism for staff medical insurance of Kshs.170,895,999. Unsupported insurance expenditure relating to motor vehicle insurance of Kshs.10,900,000. Unsupported National Health Insurance Fund to provide social health cover for the elderly and people leaving with	Staff Medical Insurance The Directorate of Human Resource Management and Development is in communication with the insurer on the utilization of the cover. Motor Vehicle Insurance The list of vehicles to be insured, the valuation report, premium per vehicle and the insurance policy document is hereby provided for audit review. NHIF Documents to support the payment to NHIF to provide social health cover for the elderly and PWDs are hereby availed for review	Supporting documents not provided during the audit period.	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	60 Days from the date of adoption of this report

					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 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of	
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					recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B.	
2.0 2.1	Proposed Construction of Tana River Aggregation and Industrial Park in Chifiri.	-Contract sum of Kshs.489,899,000 of which fifty percent (50%) co-funding by eNational and county Government. - MOU between the two (2) levels of government was not provided - Land acreage required ten (10) hectares, however no title provided. -Tender requirements amended from NCA 2 to NCA4 without authorization.	The MoU was signed at the Council of Governors level,attached the agreement for your review. The industrial park does not have a title deed, we do possess an allotment letter and the Part Development Plan (PDP) which provide 60.75Ha of land. The County continues to coordinate with the Ministry of Trade and Industry and within the County Government to address the remaining requirements	Mou on CAIP, Allotment letter and part Development plan, ESIA and NEMA report not included in the annex presented	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	60 Days from the date of adoption of this report

		- environmental impact assessment and approved drawings not provided and the project implementation committee was not yet to be constituted. -Winning bidder was a Clearing and Forwarding company that may not have the technical expertise to undertake the Construction.	The lowest evaluated bidder did not meet all the conditions set out in the technical evaluation and therefore his bid was not considered at the financial evaluation stage. The Environmental and Social Impact Assessment study was carried out. The CAIP Project Implementation Committee was duly constituted. Capricorn Freight Forwarders Limited is registered with the National Construction Authority (NCA) as a Building Works Contractor under NCA category 2		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 existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of	
2.2	Delayed Completion of County Headquarter	-Contract cost Kshs.495,268, 750 with commencement date of 18 June,2019	- Contract sum of Kshs.495,268,750 is to be financed on a 70:30 basis between the National Government and the	Implementation status report not provided		

		for a period of 75 weeks. - County Government has accumulatively paid Kshs.152,541,605 whereas National Govt has paid Kshs.117,312,669 - Accumulated payments of Kshs.269,854,275 differ with recomputed amount of Kshs.377,132,976 resulting to unreconciled variance Kshs.118,135,774.	County Government (Kshs. 348,688,125.00 and Kshs. 148,580,625.00 respectively). -County Government, has paid Kshs. 152,541,605 out of which retention of Kshs.10,301,473.20 is maintained in a deposit account. The excess payment of Kshs. 3,960,980 will be recovered from the retention amount during the final summary statement. - Project status report of 16th October 2023, reflect Kshs.346,688,125 of which Kshs. 117,216,070.32 has been paid and a balance of Kshs. 229,375,455.29 remains unfunded. -the County Government opened a Special Purpose		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.	
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			Account and captured the Kshs. 95,045,250 expected from the National Government.			
2.3	Delayed Construction of the Deputy Governor Residence	-Deputy Governor house contract Kshs.39, 836,215 of which Kshs.25,489,597 was paid in the year. - project extended without recommendation of the evaluation committee. -land ownership documents,project implementation status report, all certificates and payments processed not provided. -Physical verification established that the contractor was not on site.	-land owned by the County Government (specifically Office of the Governor). -The project implementation status report, practical completion and payment certificate are hereby availed for audit review. -contractor has since resumed works on the site. This is after the lapse of 21 days for slab curing. According to an inspection done on 13th March, 2025, the project is 60% complete.	Physical verification established that the contractor was not on site		

2.4	Construction of Madogo Water Supply Improvement Works	Kshs.29,226,210 incurred out of a contract sum of Kshs.34,300,000 -completion date extended to 26 August 2024 but works incomplete	No response from the Management	
2.5	Construction of Kamudhe-Dukanotu Cluster Water Project	Kshs.9,675,600 incurred on project out of a contract sum of Kshs.10,000,000. -contract extended to 26 august 2024 but remained incomplete.	The project was completed within the extension after the original work plan and what had not been done during the time of audit was the commissioning and handing over the project to Tana Water and Sanitation company for operations and management. The project has since been opened to the public and is really changing lives.	Completion certificate not provided during the audit review
2.6	Rehabilitation of B89-Sera Road in	- Kshs.17,209,04	The project was procured using the IFMIS e-	Management did not provide the

	Garsen North Ward	0 incurred on rehabilitation works. - Contract signed before lapse of 14 mandatory days after award. - Bills of quantity and status report not provided - Performance security not provided by contractor.	procurement platform as evidently on the advert attached. As such, there is minimal risk, if any, of manipulating the tender opening process unlike the manual process - the system automatically locks out any bid submission once the tender closes. This notwithstanding, going forward we will ensure that all pages of the opening minutes shall be initialized Evaluation of the tender took place on the IFMIS e-procurement platform and ended on 20th March,2024 and on the same date, the professional opinion was issued. Consequently, the letter to notify the successful bidder and the unsuccessful bidders were	details of the project implementation team, contract value, payments to date and current status report of the project.
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			issued on the same day. M/s Grasma Limited submitted acceptance letter on 22nd March, 2024 and performance bond on 11th April which were requirements for contract agreement. The agreements were signed on 18th April, 2024. The contract period for the projects is 3 months as indicated in the contract agreement and communicated in the commencement letter and the project signboard erected at site The inspection and acceptance certificate, tender documents with the bills of quantities and the project implementation status report are hereby availed for audit review	
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2.7	Rehabilitation of JCT B89-Makere Road at Kinakomba Ward	-Contract sum Kshs.14,573,196 of which Kshs.7,085,253 was incurred. -contract signed before lapse of 14 days period after award -Project completion date not indicated -Status report, bills of quantity and performance security not provided.	The project was procured using the IFMIS e-procurement platform as evidently on the advert attached. As such, there is minimal risk, if any, of manipulating the tender opening process unlike the manual process - the system automatically locks out any bid submission once the tender closes. This notwithstanding, going forward we will ensure that all pages of the opening minutes shall be initialized Evaluation of the tender took place on the IFMIS e-procurement platform and ended on 20th March,2024 and on the same date, the professional opinion was issued. Consequently, the letter to notify the	Management did not provide the details of the project implementation team, contract value, payments to date and current status report of the project.
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			successful bidder and the unsuccessful bidders were issued on the same day. The winning bidder, Ms. Joyeln, wrote back on 21st March, 2024 to accept the offer and the contract was signed on 18th April, 2024, outside the window of 14 days The contract period for the projects is 3 months as indicated in the contract agreement and communicated in the commencement letter and the project signboard erected at site The inspection and acceptance certificate, tender documents with the bills of quantities and the project implementation status report are hereby availed for audit review	
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2.8	Uninstalled Equipment	Equipment's valued at Kshs.73,376,300 were still in boxes awaiting construction of building and therefore not use.	Some of the equipment was to be distributed to the sub-county hospitals and some to be retained at the Hola County Referral Hospital. There was a delay in readying the health facilities to receive the equipment. However, the equipment has now been distributed to the health facilities	The Management did not provide a list of all equipment's valued at Kshs.73,376,300 and their serial number, make, model, quantity, cost and location of use to facilitate
2.9	Supply, Installation and Testing of Solar Street Lights in Hola Town	-Kshs.9,978,879 incurred. -inadequate quantities installed. -provisional sum of Kshs.500,000 utilized without approval from the Accounting Officer. -4G surveillance cameras installed relied on network connectivity without	The number of street lights that were installed were based on the assessment report from the engineers. The 500,000 provisional sums had a breakdown of 400,0000 project management fees (which was accounted for through the signed payment schedules by the technical team in their site visits during project implementation). The	Management did not provide assessment report and the breakdown of the provisional sum was not included in the annex provided

		formal contracts with service providers. -	100,000 was for contingencies The smartphone supplied and delivered was a 4G-compatible device which meets the requirements for hosting and operation of the surveillance system as required			
2.10	Stalled Construction of Early Child Development Centre at Chamwanamuma at Kipini West Ward	-Contract sum Kshs.4,099,125 of which Kshs.1,682,696 was incurred in the year. -Project status report, works certified, certificates issued and paid not provided for audit. -No extension authority	The project file with all relevant documents for the construction of Chamwanamuma ECD centre in Kipini by Chakuadhima Youth Co. Ltd is hereby availed for audit review	Project implementation report and payment certificates not provided during the audit period		
2.11	Delayed Provision of Consultancy Services	Contract sum Kshs.33,999,300 of which Kshs.26,500,000	The lead consultant employed by Obbe Construction and General Distributors K. Limited, who was responsible for	the consultancy report was not provided for audit and there was no evidence	4) The EACC initiates an investigation with view of prosecuting the	60 Days from the date of adoption

		incurred during the year. -No practice certificate for the surveyor and evidence of ten year experience -Lack of clear terms of reference	the survey work, holds a valid practicing certificate from the Land Surveyors Board The lead consultant has extensive experience in land surveying and boundary registration, exceeding the ten-year experience requirement. While the company itself may not have a ten-year history in land surveying, the individual qualifications of the lead consultant, who brought this experience to the firm, were considered during the evaluation process. We recognize the importance of fully aligning the service provider's experience with the evaluation criteria and will ensure more comprehensive verification of both	that the service provider was a licensed land surveyor with a valid practicing certificate from the Kenya Land Surveyors Board, which was one of the evaluation criteria. Further, the service provider did not demonstrate the required ten-year experience in similar work, as stipulated by the tender evaluation criteria	Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services 5) 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	of this report
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			company and individual qualifications in future procurements. We acknowledge the failure to prepare formal Terms of Reference (ToR) in the procurement documentation. This was an oversight, and we accept the responsibility for not providing a comprehensive ToR during the tendering process. However, the work was successfully completed according to the scope of the consultancy. We have attached the finalized report and the work plan and the ToR that was followed during the execution of the project, which reflects the milestones and activities carried out during the consultancy.		Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
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		In the future, we will ensure that a detailed ToR is attached during the tendering process, clearly outlining performance benchmarks and timelines, as required by the Public Procurement and Asset Disposal Act, 2015. Use of Private Consultancy Firms Instead of County Staff While the department's staff may have had the potential to undertake the work, the decision to contract a private firm was based on the need for specialized equipment, technical expertise, and capacity that the department staff currently lacks. The work required specialized land surveying skills and equipment that were not available within the department. The		
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			contract ensured that the work was completed efficiently and within the necessary time frame.			
2.12	Procurement of Consultancy Services	-Kshs.10,300,000 incurred consultancy services for preparation of land use advisory. -No final report and TORs	-Report prepared but was unfortunately not submitted at the time of the audit. - payment made based on the milestones achieved and the contract terms, which included the submission of interim reports and deliverables.. Regarding the absence of Terms of Reference (ToR) outlining performance benchmarks, milestones, activities, and timelines for the consultancy services, we acknowledge that this documentation was not initially included. However, the ToR was internally developed and verbally communicated to	At the time of audit, the survey remained uncompleted.		

			the consultants at the time of engagement.			
2.13	Nugatory Expenditure	tax arrears payments of Kshs.176,312,28 could have been avoided.	The arrears are as a result of a reconciliation exercise for unpaid tax obligations for the period 2018 – 2022. At the end of the exercise, the County committed to a payment plan in which Kshs. 176,312,278 was to be paid in the FY 2023/24. This amount consists of principal tax and the County obtained an amnesty (a waiver of interest and penalties).	The Management did not provide details of assessment from KRA and payments schedule to-date for confirmation and follow up	The Committee recommends that the County Executive make budget provisions to clear the outstanding payments and submit a status to the Auditor General within sixty days from the adoption of this report.	60 Days from the date of adoption of this report
2.14	Non submission of Financial Statements for Level Four Hospitals	The financial statements for three level four hospitals were not prepared and submitted to the Office of the Auditor General	County Government of Tana River did not prepare and submit financial statements to the Auditor General for audit due to the absence of a functioning Board of Management for the	Financial statement has not been prepared	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the	60 Days from the date of adoption of this report

			hospitals. Further, the Facility Improvement Fund Bill, 2023 (FIF Bill 2023) was passed into law by the County Assembly of Tana River.		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 Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.	
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4.0	Imprest Management	Kshs.7,225,000 incurred without Memorandum cash books being maintained.	The holders of the standing imprests in various departments had not been trained on how to maintain memorandum cashbooks. As a result of the audit finding, the County Treasury has procured the cashbooks from Government Printers and has trained the imprest holders on how to maintain the cashbooks.	The Management did not provide a list of all approved standing imprest holders, their appointment letters and approved imprest limit for each for follow up in the next audit including the training materials used.	1. 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.	60 Days from the date of adoption of this report
4.1	Standing Imprests Without Memorandum Cash Books					
4.2	Long outstanding Imprest	Imprest balance of Kshs.19,890,396 includes Kshs.10,066,200 relating prior financial years.			2. 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.	
5.	Budget Credibility	approved budget revealed that expenditure items valued at	we acknowledge that some sub-votes had the budget variation exceed this threshold. This is to respond to circumstances that were unforeseen at the time of the formulation of the budget which include emergencies like floods.			60 Days from the date of adoption of this report
5.1	Budget Variations above Threshold	Kshs.2,737,038,922 were adjusted in excess of ten (10%) percent limit.				
6.0	Supplementary Budget and Exchequer Releases	The statement of receipts and payments reflects total payments of Kshs.6,402,768,835 out of which seven (7) transactions valued at Kshs.57,791,191 were paid but the specific line items had not been budgeted for in the respective appropriation account	The management wish to note that all the expenditures that were reported in the financial statements were budgeted for. Further, we take note that the audit observation was not supported by a schedule/appendix of the transactions. Therefore, we could not determine the expenditure being questioned.			60 Days from the date of adoption of this report
6.1	Payments of Unbudgeted Transactions					

					from the date of adoption of this report; 4. 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; 5. 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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8.1	Non-Implementation of Audit Recommendations	Records provided for audit revealed that the County Senate Public Accounts and Investment Committee (CPAIC) had deliberated on the Auditor-General's reports for Tana River Executive for the financial years 2019/2020 and 2020/2021. However, the senate recommendations have not been formally received by the Management and as such no recommendations have been implemented.	The management has noted the auditor's observation on the above subject matter. Following the reconstitution of the County Audit Committee, the implementation matrix for the external and Internal Audit reports was prepared.	The Committee noted that the management did not submit the status report of pending bills and other audit issues raised in the previous years under audit.	1) 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 adoption of this report. 2) The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes	60 Days from the date of adoption of this report
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					disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report	
9.1	Non-Conformity with Law on Recruitment of Persons with Disabilities	During the year under review, the County Executive recruited one hundred and sixty-two (162) new employees, out of which no persons with disability were recruited in breach of Section 13 of the Persons with Disabilities Act, 2003 and paragraph B.23(2) of the Human	In the year under review, the Executive placed two advertisements in the Newspapers that has wide circulation, county website and social medium platforms. The County Executive also made deliberate effort to encourage Persons with disability to apply; by placing promotional messages in the advertisements, as an	There was a non-conformity with the law on recruitment of persons with disabilities:	The county executive should work progressively towards attaining the requirement of the provisions of Section 13 of the Persons with Disabilities Act, 2003 and paragraph B.23(2) of the Human Resource Policies and Procedures Manual	60 Days from the date of adoption of this report

		Resource Policies and Procedures Manual for the Public Service, 2016.	affirmative action measure. However, during the year under review, the adverts attracted a small number of Persons with Disability; who did not meet the minimum requisite qualifications.		for the Public Service, 2016.	
9.1	Irregular Engagement of More than thirty percent (30%) of Employees from One Ethnic Community	-thirty-eight percent (38%) of total employees from one community in excess of the recommended limit of thirty percent (30%) threshold. -seventy nine percent (79%) of the total employment positions were shared among four (4) ethnic groups within the County. -eighty six percent (86%) of the one hundred and sixty-two (162) new employees	Tana River is a cosmopolitan with majority of the 44 Kenyan tribes residing in the County, that, when combined they form the second largest population of the staff establishment. Minority and Marginalized ethnic communities like who are only native of Tana are also being considered in employment across the County Government. However, it is imperative to note Tana River being a	The Committee observed that there was no ethnic diversity among the County Executive employees. The Committee also observed that due to the homogeneous ethnographic population in most counties, it may not be feasible for	1) The county executive should work progressively towards attaining the requirement of the 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	60 Days from the date of adoption of this report

		recruited in the year under review only included the four (4) dominant ethnic groups.	rural and hardship area remains unattractive to skilled personnel from non-dominant ethnic groups. While the County has made efforts to bring the none dominant groups in the county, unfortunately majority of these communities that manage to join the county public service initiate transfer of service back to their home counties.	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.	section 65(1)(e) of County Government Act, 2012.	
9.3	Violation of One Third Rule on Basic Salary	(331) employees had salary deductions in excess of two thirds of their basic pay in breach of Section 19(3) of the Employment Act, 2007	Reversed COVID 19 enhanced tax allowances. -Increased deductions on SHIF, NSSF rates and Affordable Housing Levy.	The Committee observed that one hundred and seventeen (331) employees drew net salary that was below one-third of their basic pay	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 the issue	60 Days from the date of adoption of this report

				contrary to Section 19(3) of the Employment Act, 2007	of non-compliance with the two-third basic salary rule as well as comply with the requirements of law; 2. The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds; and 3. The Auditor General should continue monitoring the issue in subsequent financial years.	
10.1	Irregular Payments of Legal Expenses	-Expenditure not supported by approvals of the County Executive Committee and recommendation of the County Attorney	-County Attorney may procure the services of such other persons as may be reasonably necessary for the purposes of assisting the County Attorney in the performance of the	Register of legal cases Framework agreements, letter of instruction Prequalification letter	1) The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide the documents to the	60 Days from the date of adoption of this report

		-Lack of framework for monitoring advocate performance and court attendance - Role of legal officer and legal advisor on litigations.	functions of the County Attorney. -Legal services being a specialized service, the firms are in the panel of legal service providers for the County Government - fee notes, based on Advocates Remuneration Order. -all payments supported by documentation, Prequalification letter, Executed Framework agreement, Letter of instructions -Copies of the court files, pleadings ,court attendance notes and the outcome of the said matter i.e. ruling, judgment or consents.	were not provided	auditors 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) That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of	
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					provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015; and 3) The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation and should provide evidence of compliance with the County Attorneys Act within 60 days of the adoption of this report.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
1	Incomplete Asset Register	HDU equipment Kshs,84,913,536, dehuller machines Kshs.23,566,551 and motor vehicles Kshs.79,463,930	County has taken several steps to strengthen the asset management system. This includes formulation of the Asset Management Policy, capacity building	The County Executive lacked an updated Fixed Asset Register	The Committee recommends that the; - 1. County should expedite the process of updating and	60 Days from the date of adoption of this report

		omitted from the asset register.	of officers with responsibility on asset management, following up with Accounting Officers to maintain updated asset registers		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 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	
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					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.	
2	Lack of Risk Management Policy	County Executive revealed that the Management has not developed a risk management policy and there were no fraud prevention mechanisms put in place. Further, operational and disaster recovery plans were also not provided	The County has formulated the risk management policy in the current financial year (FY 2024/25) and has planned to formulate the remaining documents in the subsequent years.	The Management did not provide evidence of formulated policy	The Committee recommends that the County Executive should expedite development of a Risk Management Policy and ICT Policy and should submit to the Auditor General for verification.	60 Days from the date of adoption of this report

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

Basis for Qualified opinion

Paragraph	Key Issue	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON THE FINANCIAL STATEMENTS					
Basis for Qualified Opinion					

1.0. Unexplained Variance in Transfers from County Revenue Fund	The statement of receipts and payments reflects transfers from County Revenue Fund of Kshs.7,920,960,720 as disclosed in Note 1 to the financial statements. However, the County Revenue Fund statement of receipts and payments for the financial year reflects transfers to the County Executive amount of Kshs.6,921,646,432. The resultant variance of Kshs.999,314,288 has not been reconciled or explained.	The Management wishes to state that transfers from County Revenue Fund of Kshs. 7,920,960,720 includes Transfer to Recurrent and Development accounts (Note 6) of Kshs. 6,921,646,432 and Transfer to Special Purpose Accounts (Other Transfers; Conditional Grants –Note 8) of Kshs 999,314,288 as follows; <table><tr><td>Description</td><td>2023/24</td></tr><tr><td></td><td>Kshs.</td></tr><tr><td>National Value Chain Project(NAVCDP)</td><td>199,803,473</td></tr><tr><td>Kenya Urban Support Programme- Udg</td><td>1,194,559</td></tr><tr><td>Universal Health Care Project</td><td></td></tr><tr><td>National Agricultural Growth Inclusive Project (NARIGP)</td><td>4,374,252</td></tr><tr><td>DANIDA</td><td>-</td></tr></table>	Description	2023/24		Kshs.	National Value Chain Project(NAVCDP)	199,803,473	Kenya Urban Support Programme- Udg	1,194,559	Universal Health Care Project		National Agricultural Growth Inclusive Project (NARIGP)	4,374,252	DANIDA	-	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 Auditor General	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
Description	2023/24																		
	Kshs.																		
National Value Chain Project(NAVCDP)	199,803,473																		
Kenya Urban Support Programme- Udg	1,194,559																		
Universal Health Care Project																			
National Agricultural Growth Inclusive Project (NARIGP)	4,374,252																		
DANIDA	-																		

Paragraph	Key Issue	Management Response		Committee Observations	Committee Recommendations	Timelines
		Homa Bay Primary Healthcare Support Programme	25,520,063		audits the outstanding matter in the subsequent audit cycle.	
		Agriculture Sector Development Support Programme (ASDSP II)	3,159,580			
		Financing Locally - Led Climate Action Programme(Floca)	241,617,006			
		Kenya Informal Settlements Improvement Programme	460,000,000			
		Kenya Urban Support Programme- UIG	1,145,355			
		Aggregated Industrial Parks Programme	62,500,000			
		Total	999,314,288			
		The total Forms Receipts in the Executive (transfers from CRF) as reflected in Note 1 of the Executive				

Paragraph	Key Issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		Financial Statement. Therefore, the transfer from County Revenue Fund of Kshs 7,920,960,720 as reflected in Executive Financial Statement is the true position. Extracts for the CRF and Executive Financial statements indicating the transfers has been attached for verification. Appendix 1a- Extracts of Audited CRF and Executive Financial statement Fy 2023/2024 Appendix 1b- Bank Statement Extracts showing transfers .			

2.0. Expenditure Misclassification on Use of Goods and Services	Expenditures totalling Kshs.7,305,000 comprising Kshs.1,505,000 and Kshs.5,800,000 spent on rent and purchase of a motor vehicle were misclassified under contracted professional services instead of rentals of produced assets and purchase of motor vehicles respectively.	The Management concurs with the auditor's observation that amounts of Kshs. 5,800,000 and kshs. 1,505,000 that were utilized to pay for purchase motor vehicle and rent respectively were improperly classified as contracted professional services. Upon realizing this error, journal entries were passed to regularize the misclassification of the purchase of motor vehicle and rent. However, the Financial Statements erroneously still captured the payments under Contracted Professional Services. This error will be corrected in the subsequent Financial Year and the management endeavors to ensure that such misclassification do not reoccur in subsequent Financial Years. Journal Entries and Payment voucher have been attached for your verification. Appendix 2- Journal entries	The Committee observed that the County Executive did not provide the documents to the Auditor-General during the audit process. The Committee further observed that the County Executive admitted that it had presented its financial statements with errors.	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 Auditor General audits the	Report back to the senate on the status of compliance with the recommendations within sixty (60) days of the adoption of this report.
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Paragraph	Key Issue	Management Response	Committee Observations	Committee Recommendations	Timelines
				outstanding matter in the subsequent audit cycle.	