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Rt. Hon. Speaker
You may approve for tabling
J.M. Nyegenye, C.B.S.,
Clerk of the senate/secretary, PSC
Date: 04/12/24
THE SENATE RECEIVED 04 DEC 2024 DEPUTY CLERK

**REPUBLIC OF KENYA**

**THE SENATE**

**THIRTEENTH PARLIAMENT - THIRD SESSION**

DC - EG
Forwarded as recommended for approval for tabling
04/12/2024

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

| NO. | BURSARY FUND | COUNTY |
|---|---|---|
| 1. | BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND | BARINGO |
| 2. | BOMET COUNTY BURSARY FUND | BOMET |
| 3. | BOMET COUNTY EDUCATION REVOLVING FUND | BOMET |
| 4. | BUNGOMA COUNTY EDUCATION SUPPORT SCHEME | BUNGOMA |
| 5. | ELGEYO MARAKWET COUNTY EDUCATION FUND | ELGEYO MARAKWET |
| 6. | GARISSA COUNTY SCHOLARSHIP FUND | GARISSA |
| 7. | HOMA BAY COUNTY BURSARY FUND | HOMABAY |
| 8. | KAJIADO COUNTY BURSARY GRANTS AND SCHOLARSHIP FUND | KAJIADO |
| 9. | KERICHO COUNTY BURSARY FUND | KERICHO |
| 10. | KIAMBU COUNTY EDUCATION BURSARY FUND | KIAMBU |
| 11. | KILIFI WARD SCHOLARSHIP FUND | KILIFI |
| 12. | KIRINYAGA COUNTY EDUCATION BURSARY FUND | KIRINYAGA |
| 13. | KISII COUNTY BURSARY FUND | KISII |
| 14. | KWALE COUNTY BURSARY FUND | KWALE |
| 15. | LAIKIPIA COUNTY BURSARY FUND | LAIKIPIA |
| 16. | LAMU COUNTY BURSARY AND SCHOLARSHIP FUND | LAMU |
| 17. | MACHAKOS COUNTY BURSARY FUND | MACHAKOS |
| 18. | MAKUENI COUNTY BURSARY FUND | MAKUENI |

PAPERS LAID
DATE 5.12.24
TABLED BY Sen. Ojienda
COMMITTEE
CLERK AT THE TABLE Angela
04/12/24
APPROVED
RT. HON. SEN
AMASON J. KINGI

| | | |
|---|---|---|
| 19. | MANDERA COUNTY EDUCATION BURSARY FUND | MANDERA |
| 20. | MARSABIT COUNTY EDUCATION FUND MIGORI | MARSABIT |
| 21. | COUNTY WARD DEVELOPMENT FUND | MIGORI |
| 22. | MOMBASA COUNTY ELIMU FUND | MOMBASA |
| 23. | NAKURU COUNTY BURSARY FUND | NAKURU |
| 24. | NANDI COUNTY EDUCATION FUND | NANDI |
| 25. | NAROK COUNTY BURSARY FUND | NAROK |
| 26. | NYAMIRA COUNTY EDUCATION BURSARY FUND | NYAMIRA |
| 27. | NYANDARUA COUNTY BURSARY FUND | NYANDARUA |
| 28. | NYERI COUNTY ELIMU FUND | NYERI |
| 29. | SAMBURU COUNTY BURSARY FUND | SAMBURU |
| 30. | SIAYA COUNTY EDUCATION BURSARY FUND | SIAYA |
| 31. | TAITA TAVETA COUNTY EDUCATION FUND | TAITA TAVETA |
| 32. | TANA RIVER COUNTY WARD BURSARY FUND | TANA RIVER |
| 33. | THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND | THARAKA NITHI |
| 34. | TRANS NZOIA COUNTY ELIMU BURSARY FUND | TRANS NZOIA |
| 35. | TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND | TURKANA |
| 36. | UASIN GISHU COUNTY BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND | UASIN GISHU |
| 37. | UASIN GISHU COUNTY EDUCATION REVOLVING FUND | UASIN GISHU |
| 38. | VIHIGA COUNTY EDUCATION FUND | VIHIGA |
| 39. | WAJIR COUNTY BURSARY FUND | WAJIR |
| 40. | WEST POKOT COUNTY BURSARY FUND | WEST POKOT |

**VOLUME XIII**

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

**November, 2024**

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## ACRONYMS/ABBREVIATIONS

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

## DEFINITION OF TERMS

1. **Unqualified opinion:** This refers to a clean opinion which is the most desirable in which the auditor states that the financial condition, position, and operations of an organization are fairly presented in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
2. **Qualified opinion:** This is an opinion expressed by the auditor if the financial statements appear to contain a small deviation from Generally Accepted Accounting Principles (GAAP) but are otherwise fairly presented. It is also rendered if the management of the organization limits the scope of audit procedures.
3. **Adverse opinion:** This refers to an opinion issued when there are material exceptions to Generally Accepted Accounting Principles (GAAP) that affect the financial statements as a whole and the auditor indicates that the financial statements are not presented fairly.
4. **Disclaimer:** This is an opinion given by the auditor when there is a significant limitation in the access to audit information and documentation and inadequate cooperation by the organizational management in the audit process.
5. **Accountability** – This refers to the assurance that an individual or a group will be held responsible for their actions or inactions.

## PREFACE

**Hon. Speaker,**

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

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

## COMMITTEE MEMBERSHIP

**Hon. Speaker,**

The membership of the Committee comprises of the following Senators-

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

## COMMITTEE SECRETARIAT

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

## ESTABLISHMENT OF THE COMMITTEE

**Hon. Speaker,**

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

**Hon. Speaker,**

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

## EXECUTIVE SUMMARY

In the execution of its mandate, the Committee relied on the reports of the Auditor-General on audited Accounts of the County Bursary Funds for the Financial year 2021/2022 (1st July, 2021 to 30th June, 2022) as the primary documents for the investigations. The Committee invited the Governors as the Chief Executive Officers of their respective County Governments pursuant to Article 179(4) as witnesses to respond to the audit queries raised in the reports under consideration.

The Committee received both written and oral evidences from the Governors in response to the various audit queries raised by the Auditor-General in the reports under consideration on various dates. The Committee considered and concluded its inquiry onto the reports of the Auditor-General on the Financial Operations of the County Bursary Funds for the Financial Year 2021/2022.

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

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

**CHAPTER ONE** is a record of the audit queries raised in the report of the Auditor-General for Baringo County Education Bursary and Scholarship Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWO** is a record of the audit queries raised in the report of the Auditor-General for Bomet County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THREE** is a record of the audit queries raised in the report of the Auditor-General for Bomet County Education Revolving Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER FOUR** is a record of the audit queries raised in the report of the Auditor-General for Bungoma County Education Support Scheme for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER FIVE** is a record of the audit queries raised in the report of the Auditor-General for Elgeyo Marakwet County Education Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER SIX** is a record of the audit queries raised in the report of the Auditor-General for Garissa County Scholarship Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER SEVEN** is a record of the audit queries raised in the report of the Auditor-General for Homa Bay County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER EIGHT** is a record of the audit queries raised in the report of the Auditor-General for Kajiado County Bursary Grants and Scholarship Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER NINE** is a record of the audit queries raised in the report of the Auditor-General for Kericho County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TEN** is a record of the audit queries raised in the report of the Auditor-General for Kiambu County Education Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER ELEVEN** is a record of the audit queries raised in the report of the Auditor-General for Kilifi Ward Scholarship Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWELVE** is a record of the audit queries raised in the report of the Auditor-General for Kirinyaga County Education Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTEEN** is a record of the audit queries raised in the report of the Auditor-General for Kisii County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER FOURTEEN** is a record of the audit queries raised in the report of the Auditor-General for Kwale County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER FIFTEEN** is a record of the audit queries raised in the report of the Auditor-General for Laikipia County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER SIXTEEN** is a record of the audit queries raised in the report of the Auditor-General for Lamu County Bursary and Scholarship Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER SEVENTEEN** is a record of the audit queries raised in the report of the Auditor-General for Machakos County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER EIGHTEEN** is a record of the audit queries raised in the report of the Auditor-General for Makueni County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER NINETEEN** is a record of the audit queries raised in the report of the Auditor-General for Mandera County Education Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY** is a record of the audit queries raised in the report of the Auditor-General for Marsabit County Education Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-ONE** is a record of the audit queries raised in the report of the Auditor-General for Migori County Ward Development Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-TWO** is a record of the audit queries raised in the report of the Auditor-General for Mombasa County Elimu Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-THREE** is a record of the audit queries raised in the report of the Auditor-General for Nakuru County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-FOUR** is a record of the audit queries raised in the report of the Auditor-General for Nandi County Education Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-FIVE** is a record of the audit queries raised in the report of the Auditor-General for Narok County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-SIX** is a record of the audit queries raised in the report of the Auditor-General for Nyamira County Education Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-SEVEN** is a record of the audit queries raised in the report of the Auditor-General for Nyandarua County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-EIGHT** is a record of the audit queries raised in the report of the Auditor-General for Nyeri County Elimu Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER TWENTY-NINE** is a record of the audit queries raised in the report of the Auditor-General for Samburu County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY** is a record of the audit queries raised in the report of the Auditor-General for Siaya County Education Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-ONE** is a record of the audit queries raised in the report of the Auditor-General for Taita Taveta County Education Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-TWO** is a record of the audit queries raised in the report of the Auditor-General for Tana River County Ward Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-THREE** is a record of the audit queries raised in the report of the Auditor-General for Tharaka Nithi County Bursary Development Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-FOUR** is a record of the audit queries raised in the report of the Auditor-General for Trans Nzoia County Elimu Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-FIVE** is a record of the audit queries raised in the report of the Auditor-General for Turkana County Education And Skills Development Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-SIX** is a record of the audit queries raised in the report of the Auditor-General for Uasin Gishu County Bursary And Skills Development Support Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY- SEVEN** is a record of the audit queries raised in the report of the Auditor-General for Uasin Gishu County Education Revolving Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-EIGHT** is a record of the audit queries raised in the report of the Auditor-General for Vihiga County Education Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER THIRTY-NINE** is a record of the audit queries raised in the report of the Auditor-General for Wajir County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

**CHAPTER FORTY** is a record of the audit queries raised in the report of the Auditor-General for West Pokot County Bursary Fund for the Financial Year 2021/22 and observations and recommendations of the Committee on each audit query.

## GENERAL OBSERVATIONS

1. **Multiple bursaries** – The Committee observed that there were multiple cases across various Counties where students received bursaries from multiple wards within the same County. This led to some deserving students missing out on financial support altogether. Additionally, certain students received bursaries from both the County Bursary Fund and other donors, further limiting the equitable distribution of resources.
2. **Bookkeeping, Preparation & Accuracy of the Financial Statements/ Compliance to Reporting Standards** – The Committee observed that there were various inaccuracies and errors in the financial statements of nearly all Bursary Funds, raising concerns about incompetence, potentially geared towards fraudulent activities. It was noted that accountants faced challenges in adapting to the International Public Sector Accounting Standards (IPSAS) framework required for preparing the financial statements. The Committee also noted that the Public Sector Accounting Standards Board (PSASB) periodically reviews IPSAS to address emerging issues and align with best practices, however some Bursary Funds struggled to apply these updated standards, as evidenced by the audit queries.
3. **Late submission of documents and Unsupported Bursary Disbursements** – The Committee observed fund administrators encountered challenges in timely submission of supporting documents, such as acknowledgment receipts and beneficiary details for bursaries, to auditors during the audit period. This delay contravened Section 62 of the Public Audit Act, Cap. 412B, and hindered the accountability and audit process. Further, the delayed submission of documents by the Funds could also suggest potential document falsification.
4. **Budgetary Control and Performance** – The Committee observed that a number of Bursary Funds had weaknesses in executing their budgets and did not adhere to the approved budget ceilings set for programs. The Funds either over-utilized or under-utilized the appropriated funds. Further, some bursary funds prepared unbalanced budgets contrary to regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015.
5. **Delayed Exchequer Releases Negatively Impacting resourcing of Bursary Funds** – The Committee observed that counties failed to transfer budgeted monies for bursaries to Bursary Funds for onward distribution to deserving students. This was attributed to delayed exchequer releases which affected the overall operations of counties.
6. **Excessive Administrative Expenditure Beyond Stipulated Limits** – The Committee observed that most bursary funds had administration costs exceeding

the 3% budget limit established by Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

7. **Financial Statements Signed by Officers Not in Good Standing with Institute of Certified Public Accountants of Kenya (ICPAK)–** The Committee observed that many bursary fund financial statements were signed by officers not in good standing with Institute of Certified Public Accountants of Kenya (ICPAK), due to their failure to participate in required professional development activities. This raised concerns about the credibility of the statements and may indicate underlying governance issues within the Funds.
8. **Development of County-specific regulations from the national PFM** – The Committee observed that certain Bursary Fund regulations were made by County Executive Committee Members (CECM) under the national Public Finance Management (PFM) Act, Cap.412A. However, section 205(1) of this Act grants only the Cabinet Secretary responsible for matters relating to finance the authority to make regulations. Regulations within the County should instead be formulated under county-specific legislation. Furthermore, the reliance on the national Public Finance Management (PFM) Act, Cap. 412A to develop the County-specific regulations highlights the inadequacy of the Offices of the County Attorney in providing necessary legal and technical advice to their counties.
9. **Bursaries not a County Government Function** – Under the Fourth Schedule of the Constitution of Kenya, 2010, county governments are responsible for pre-primary education, polytechnics, home craft centers, and childcare facilities, while the national government oversees universities, tertiary institutions, primary and secondary schools, special education, and research institutions. However, counties have allocated funds for bursaries across primary, secondary, tertiary, and university levels, diverting resources from their constitutionally devolved functions.

## GENERAL RECOMMENDATIONS

The Committee recommends that—

1. The County Executive Committee Members responsible for matters relating to Finance ensures that the bursary funds operate under a centralized system across all wards to streamline the allocation of funds and prevent duplicate awards to the same student in order to maximize the reach of financial support, ensuring that as many deserving students as possible have access to these funds.
2. The County Executive Committee Members (CECM) responsible for matters relating to Finance in consultation with the Public Sector Accounting Standards Board conducts continuous capacity building on financial reporting standards for officers preparing the financial statements of the funds so as to improve the quality of reporting and enhance compliance. The CECMs to ensure that the accountants have requisite competency and experience in finanacial management as is required by the Accountants Act.
3. The Accounting Officers of the funds to ensure proper record keeping and provide all the supporing documents to the Auditor-General in accordance with section 9(1)(e) of the Public Audit Act during the time of audit and adhere to the Accountants Act, failure to which the committee shall invoke section 62 of the Public Audit Act.
4. The Fund Administrators of the Bursary Funds should ensure that the Funds comply with regulation 31(c) and regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on preparation of a balanced budget and exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.
5. The National Treasury should ensure timely release of funds to County Governments in line with the cash disbursement schedules approved by the Senate.
6. The Accounting Officers of the Bursary Funds should ensure that the administration costs of the fund do not exceed 3% of the approved budget of the fund, in accordance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.
7. The County Executive Committee Members (CECM) responsible for matters relating to Finance to ensure that the capacity of all accountants is enhanced through participation in the professional development activities required by the Institute of Certified Public Accountants of Kenya (ICPAK).
8. The Governors ensure the development and enactment of a County-specific Act to guide the establishment and management of Bursary Fund regulations, ensuring alignment with devolved governance structures. Additionally, the

Governor should ensure that the capacity of all county attorneys is continuously enhanced through participation in the professional development activities to support compliance with constitutional and legal mandates.

9. The Governors ensure that all county-established bursary funds, as funding for primary, secondary, tertiary, and university education are abolished as they are not functions devolved to the County Governments. The allocations used for bursaries should be put into essential county responsibilities outlined in the Constitution.
10. Governors should ensure that all county-established bursary funds are abolished, as funding for primary, secondary, tertiary, and university education falls outside the devolved functions of County Governments. Resources currently allocated to bursaries should be redirected towards essential county responsibilities as outlined in the Constitution.

## ACKNOWLEDGEMENT

**Hon. Speaker,**

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

**Hon. Speaker,**

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

**SIGNED:** .....

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

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

**CHAIRPERSON**

**ADOPTION OF THE REPORT OF THE SENATE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF FORTY COUNTY BURSARY FUNDS FOR THE FINANCIAL YEAR 2021/2022**

| NO. | BURSARY FUND | COUNTY |
|---|---|---|
| 1. | BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND | BARINGO |
| 2. | BOMET COUNTY BURSARY FUND | BOMET |
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| 5. | ELGEYO MARAKWET COUNTY EDUCATION FUND | ELGEYO MARAKWET |
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| 8. | KAJIADO COUNTY BURSARY GRANTS AND SCHOLARSHIP FUND | KAJIADO |
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| 11. | KILIFI WARD SCHOLARSHIP FUND | KILIFI |
| 12. | KIRINYAGA COUNTY EDUCATION BURSARY FUND | KIRINYAGA |
| 13. | KISII COUNTY BURSARY FUND | KISII |
| 14. | KWALE COUNTY BURSARY FUND | KWALE |
| 15. | LAIKIPIA COUNTY BURSARY FUND | LAIKIPIA |
| 16. | LAMU COUNTY BURSARY AND SCHOLARSHIP FUND | LAMU |
| 17. | MACHAKOS COUNTY BURSARY FUND | MACHAKOS |
| 18. | MAKUENI COUNTY BURSARY FUND | MAKUENI |
| 19. | MANDERA COUNTY EDUCATION BURSARY FUND | MANDERA |
| 20. | MARSABIT COUNTY EDUCATION FUND MIGORI | MARSABIT |
| 21. | COUNTY WARD DEVELOPMENT FUND | MIGORI |
| 22. | MOMBASA COUNTY ELIMU FUND | MOMBASA |
| 23. | NAKURU COUNTY BURSARY FUND | NAKURU |

| | | |
|---|---|---|
| 24. | **NANDI COUNTY EDUCATION FUND** | **NANDI** |
| 25. | **NAROK COUNTY BURSARY FUND** | **NAROK** |
| 26. | **NYAMIRA COUNTY EDUCATION BURSARY FUND** | **NYAMIRA** |
| 27. | **NYANDARUA COUNTY BURSARY FUND** | **NYANDARUA** |
| 28. | **NYERI COUNTY ELIMU FUND** | **NYERI** |
| 29. | **SAMBURU COUNTY BURSARY FUND** | **SAMBURU** |
| 30. | **SIAYA COUNTY EDUCATION BURSARY FUND** | **SIAYA** |
| 31. | **TAITA TAVETA COUNTY EDUCATION FUND** | **TAITA TAVETA** |
| 32. | **TANA RIVER COUNTY WARD BURSARY FUND** | **TANA RIVER** |
| 33. | **THARAKA NITHI COUNTY BURSARY DEVELOPMENT FUND** | **THARAKA NITHI** |
| 34. | **TRANS NZOIA COUNTY ELIMU BURSARY FUND** | **TRANS NZOIA** |
| 35. | **TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND** | **TURKANA** |
| 36. | **UASIN GISHU COUNTY BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND** | **UASIN GISHU** |
| 37. | **UASIN GISHU COUNTY EDUCATION REVOLVING FUND** | **UASIN GISHU** |
| 38. | **VIHIGA COUNTY EDUCATION FUND** | **VIHIGA** |
| 39. | **WAJIR COUNTY BURSARY FUND** | **WAJIR** |
| 40. | **WEST POKOT COUNTY BURSARY FUND** | **WEST POKOT** |

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

| No. | Name | Signature |
|---|---|---|
| 1. | Sen. Godfrey Atieno Osotsi, MP (***Chairperson***) | |
| 2. | Sen. (Prof.) Tom Odhiambo Ojienda, SC, MP (***Vice-Chairperson***) | |

| | | |
|---|---|---|
| 3. | Sen. Ledama Olekina, MP | |
| 4. | Sen. William Kipkemoi Kisang, MP | |
| 5. | Sen. Paul Karungo Thangwa, MP | |
| 6. | Sen. Miraj Abdillahi Abdulrahman, MP | |
| 7. | Sen Eddy Gicheru Oketch, MP | |
| 8. | Sen. Hamida Kibwana Ali, MP | |
| 9. | Sen. Maureen Tabitha Mutinda, MP | |

## CHAPTER ONE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BARINGO COUNTY EDUCATION BURSARY AND SCHOLARSHIP FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Baringo County, Hon. Benjamin Cheboi, EBS, EGH, appeared before the Committee on Friday, 5th April 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Baringo County Education Bursary and Scholarship Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mr. Wilson Ruto - CECM-Finance
2. Mr. Simon Lonyayo - CECM-Education
3. Mr. Joseph Waiharo - Chief Officer Education
4. Mrs. Winny Megiri - Principal Education Officer
5. Mr. David Rerimoi - Director Accounting

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Baringo County Education Bursary and Scholarship Fund for the period under review on the following basis-

### 1. Unaccounted for Fund Administration Expenses

The statement of financial performance reflects fund administration expenses of Kshs. 1,774,950. However, the expenditure returns indicating the persons paid, purpose of payment and nature of goods or services rendered were not provided for audit. Further, the expenditure represented 4.2% of the Fund's total budget of Kshs. 42,000,000 against the set ceiling of three percent (3%) which is in breach of Section 17(c) of the Public Finance Management (Baringo County Bursary and Scholarship Fund), 2016.

### Management Response

The statement of financial performance reflects fund administration expenses balance of Kshs. 1,774,950 relate to two financial years as under.

| **This Relate to the Financial Year 2020/2021** | | | | |
|---|---|---|---|---|
| **Date** | **Cheque No.** | **Payee** | **Description** | **Amount Kshs** |
| 28/7/2021 | 010292 | Tom Tubei | Administration Expenses | 127,600 |

| | | | | |
|---|---|---|---|---|
| 1/7/2021 | 010400 | Tom Tubei | Administration Expenses | 500,000 |
| | | | **Total** | **627,600** |
| **This Relate to the Financial Year 2021/2022** | | | | |
| 29/10/2021 | 010781 | Tom Tubei | Administration Expenses | 144,000 |
| 3/3/2022 | 010919 | Tom Tubei | Administration Expenses | 132,000 |
| 6/4/2022 | 010921 | Tom Tubei | Administration Expenses | 121,350 |
| 6/6/2022 | 011718 | Tom Tubei | Ward Comm.Administration Expenses | 750,000 |
| | | | **Total** | **1,147,350** |

The expenditure returns showing persons paid, nature of goods or services rendered was provided for audit. Furthermore, the amount of Kshs 627,600 related to administration expenses for the prior year while the expenditure of Kshs 1,147,350 relate to administrative fees for the period under review constitutes 2.7% of the Fund's total budget of Kshs. 42,000,000 which was within the set limit of Kshs 1,260,000 (3% of Kshs 42,000,000) in line with section 17(5) of the Public Finance Management (Baringo County Bursary and Scholarship Fund, 2018).

**Committee Observations**

The Committee observed that—

i. The fund administration expenses of Kshs. 1,774,950 relate to two financial years i.e. 2020/2021 whereby Kshs. 627,600 was spent and for 2021/2022, Kshs. 1,147,350 was spent.
ii. Kshs 1,147,350 spent during the year under review constitutes 2.7% of the fund's total budget thus it is within the set limit of expending 3% of the Fund's budget.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Unsupported Bursary Payments**

The statement of financial performance reflects disbursements to beneficiaries' of Kshs. 51,380,600. However, bursary application forms, vetting reports and approved list of beneficiaries were not provided for audit. Further, the amount includes Kshs. 605,000 paid in respect of fifty-six (56) beneficiaries sharing similar admission numbers in their respective schools/institutions and multiple bursaries of Kshs. 1,510,200 issued to two hundred and twenty-six (226) students without any justification or policy document.

Further, the balance includes Kshs. 469,000 disbursed to sixty (60) students without admission numbers and Kshs. 3,264,300 to savings and credit cooperative societies that do not qualify for learning institutions.

In the circumstances, the propriety, accuracy and completeness of bursary payments of Kshs. 51,380,600 for the year ended 30th June, 2022, could not be confirmed.

**Management Response**

The statement of financial performance reflects disbursements to beneficiaries' balance of Kshs. 51,380,600. However, bursary application forms, vetting reports and approve list of beneficiaries were provided for audit.

The balance includes Kshs. 605,000 issued to fifty-six (56) beneficiaries sharing similar admission numbers in their respective schools/institutions was because some were awarded bursary in two subsequent financial years and others were erroneous and corrected.

Further, Kshs. 1,510,200 was issued to Two hundred and twenty-six (226) students in respect of multiple bursaries without any justification because some were awarded bursary in two subsequent financial years that is 2020/2021 and 2021/2022.

In addition, Kshs. 469,000 was disbursed to sixty (60) students without admission numbers but most of them have been fixed and the department promise to ensure that in future all beneficiaries shall have admission numbers and Kshs. 3,264,300 was paid to the respective institutions/schools but deposited the cheques to their account held at the two (2) savings and credit cooperative societies.

**Committee Observations**

The Committee observed that—

i. As verified by the Auditor-General, no multiple bursaries were awarded as they were awarded in two subsequent financial years, that is 2020/2021 and 2021/2022.
ii. Errors noted on awarding bursaries to students with the same admission numbers were corrected by the management.
iii. Kshs. 3,264,300 was paid to the respective institutions/schools where they deposited the cheques in savings and credit cooperative societies.
iv. The management failed to provide the required information at the time of audit.

**Committee Recommendations**

**The Committee recommends that—**

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

**the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

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

## OTHER MATTER

### 1. Budget and Budgetary Control

The statement of comparison of budget and actual amounts reflects total actual revenue on comparable basis of Kshs. 42,000,000 against total expenditure of Kshs. 53,689,790 resulting to over expenditure of Kshs. 11,689,790 financed through cash balance brought forward from previous year without approval. Further, the Funds did not have a budget of income and expenditure approved by the County Bursary Scholarship Fund Board, County Executive Committee Member for Finance or the County Assembly during the year under review. This contravenes section 149(2)(h) and (i) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare estimates of expenditure of the entity in conformity with the strategic plan and submit the estimates to the county executive committee member of finance.

**Management Response**

The statement of comparison of Budget and actual amounts reflects total income actual receipts balance of Kshs. 42,000,000 against total actual expenditure balance of Kshs. 53,689,790 resulting over expenditure of Kshs. 11,689,790 financed through cash balances brought forward from previous year in form of cheques relating to the previous period that were written in July-August, 2021 hence spilt over to the period under review.

In addition, it was true that the Fund did not have a budget of income and expenditure approved by the County Bursary and Scholarship Fund Board. However, the County Executive Committee member for finance or the County Assembly during the year under review approved the budget for the period under review. Also there were payments of the bursary to beneficiaries that extended beyond 30th June, 2021 due to late disbursement of the prior year allocation.

**Committee Observations**

The Committee observed that—

i. The budget was not prepared under the accrual accounting standard as prescribed by the Public Sector Accounting Standards Board on preparation of budgets.
ii. The over expenditure of Kshs. 11,689,790 was due to balance brought forward from the previous financial year which was not included in the budget.
iii. The Accounting Officer failed to prepare a supplementary budget in the year under review to factor in the balance brought forward of Kshs. 11,689,790.

**Committee Recommendations**

**The Committee recommends that—**

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

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

iv. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

v. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

vi. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

## 2. Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board Template.

### Management Response

The financial statements submitted did not have resolved prior year audit issues as per the auditor's recommendations because the prior year audit report had not been received

as at the time when the financial statements were prepared by the Baringo County Education Bursary and Scholarship Fund management.

**Committee Observations**

The Committee observed that the management had not resolved issued raised by the auditor from the previous year's audit as the certificate of audit had not been received for further action.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

## CHAPTER TWO

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BOMET COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Bomet County, Hon. Prof. Hillary K Barchok, EGH, appeared before the Committee on Thursday, 16th November, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Bomet County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Andrew Sigei - CECM – Finance
2. Mrs. Agnes Ngeno - CECM – Education
3. Mr. Erick Chepkwony - Chief Officer – Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Bomet County Bursary Fund for the financial year under review on the following basis-

### Inaccuracies in the financial statement

The statement of financial performance reflects surplus for the year of Ksh. 557,022 whereas the statement changes in the net assets reflects Nil surplus for the year resulting to unreconciled variance of Kshs. 557,022.

ln the circumstances, the accuracy and fair statement of the surplus of Kshs.557,022 could not be confirmed.

### Management Response

Hon Chair, the unreconciled variance was erroneously omitted when amendments were made on the financial statements. This has been corrected and a copy has been shared to auditor.

### Committee Observations

The Committee observed that the variance of Kshs. 557,022 between the surplus reflected in the statement of financial performance and the corresponding amount in the statement of changes in the net assets remained unreconciled.

### Committee Recommendations

**The Committee recommends that-**

i. **The Accounting Officer ensures that the necessary reconciliations are done and the Auditor-General to provide a status update on the same during the subsequent audit cycle;**

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

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

## Other Matter

### Unresolved Prior Year Audit Matters

In the audit report of previous two years, two issues were raised under other matters. However, the management had not resolved the issues or given an explanation for failure to adhere to the provisions of the public sector accounting standards board templates.

**Management Response**

Hon chair, the anomalies as per the audit observation were noted and the management commits itself to ensuring that the public sector accounting standards board's templates are adhered to going forward in subsequent financial statements.

Further, the management will ensure that the recommendations that this honorable committee proposes will be implemented in due time.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**Unapproved and unbalanced budget**

The statement of comparison of budget and actual amounts reflects final total budget income of Ksh. 91,358,983 against final total expenditure of Ksh. 93,760,905 resulting in an unbalanced budget of Ksh. 2,401,922. this is contrary to the provisions of Section 31(c) of the Public Finance Management (County Governments) Regulations, 2015 that requires all budgets to be balanced.

Further the management did not provide for audit an approved budget for the fund.

**Management Response**

The anomaly in the financial statement was noted and resulted in the adoption of approved budget by the parent department of education. This did not factor the balances brought forward of bank balances. However, the error has been corrected in the subsequent financial statements.

**Committee Observations**

The Committee observed that—

i. the Fund's budget for the financial year under review was unbalanced.
ii. The management failed to provide the Fund's approved budget for the financial year under review, for audit verification.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that has adopted accrual basis financial reporting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
ii. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply;**
iii. **The Accounting Officer ensures strict compliance with the provisions of regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 with regards to preparation of a balanced budget, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
iv. **The Auditor-General to monitor the implementation of the above recommendations and provide a status update of the same in the subsequent audit cycle.**

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

### Lack of Risk Management Policy

The Fund did not have in place a customized risk management policy and risk register during the year under review. Therefore there were no approved processes and guidelines on how to mitigate operational, legal and financial risks.

### Management Response

It is true that we currently don't have risk management policy in place. However, the fund is using County Risk Management Policy currently.

### Committee Observations

The Committee observed that the Fund operated without a risk management policy in place during the financial year under review.

### Committee Recommendations

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

## CHAPTER THREE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BOMET COUNTY EDUCATION REVOLVING FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Bomet County, Hon. Prof. Hillary K Barchok, EGH, appeared before the Committee on Thursday, 16th November, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Bomet County Education Revolving Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Andrew Sigei - CECM – Finance
2. Mrs. Agnes Ngeno - CECM – Education
3. Mr. Erick Chepkwony - Chief Officer – Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Bomet County Education Revolving Fund for the financial year based on the following basis—

### 1. Transfers to HELB

The statement of financial performance reflects transfers to HELB of Ksh. 9,700,000. However, student list indicating name, admission/registration numbers and amount awarded to each student was not provided for audit.

### Management Response

Hon Chair, it is noted that the loan schedules had not been received from HELB during the time of audit. However, all loan schedules disbursed during the financial year have been received and have been availed for audit verification and copies are hereby attached for review.

### Committee Observations

The Committee observed that—

i. The management failed to provide student list indicating name, admission/registration numbers and amount awarded to each student to support disbursements of Kshs.2,242,500 for audit verification.

ii. whereas the student list indicating name, admission/registration numbers and amount awarded to each student to support disbursements of Kshs.7,457,500 was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under

the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

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

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

**2. Current portion of long-term receivables from exchange transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions of Ksh. 38,800,000. However, detailed schedule of showing the repayment dates and amount for all beneficiaries due within twelve months after the reporting date was not provided for audit.

**Management Response**

Hon Chair, the higher Education Loans Board for which the County Government of Bomet has a service charter with is the custodian of details of repayments and is fully in charge of recoveries. However, the Fund receives quarterly and annual reports showing progress of loan repayments. The latest annual report showing repayments have been availed for audit verification and copies are hereby attached for review.

**Committee Observations**

The Committee observed that—

i. the management failed to provide a detailed schedule indicating the repayment dates and amounts repaid for disbursements amounting to Kshs. 1,755,450 for audit verification.

ii. whereas the schedule to support disbursements of Kshs.37,044,550 was provided and verified by the Auditor-General, the submission was done outside the

timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the long-term receivables amount of Ksh. 38,800,000 and provide a status update on the same to the Senate within sixty (60) days of the adoption of this report;**

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

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

**Other Matter**

**Unresolved Prior Year Audit Matters**

Various prior year audit issues remained unresolved as at 30th June 2022. Management has not provided progress in resolving the prior year audit issues.

**Management Response**

Hon Chair, the anomalies as per the audit observation have been noted and the issues raised have been addressed subsequently in the financial years to comply with the Public sector and accounting standards board's templates.

**Committee Observations**

The Committee observed that the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**Lack of approved budget**

The statement of comparison of budget and actual amounts reflects a final revenue and expenditure of Ksh. 10,000,000 and Ksh. 9,9997,740 respectively. However, the Fund's approved budget of revenue and expenditure was not prepared.

**Management Response**

Hon Chair, the anomaly in the financial statement was noted and resulted in the adoption of approved budget of the parent department of education. This resulted in erroneous omission of the bank balances brought forward from the previous financial year. However, the error has been noted and rectified in the subsequent financial statements.

**Committee Observations**

The Committee observed that the management failed to provide the Fund's approved budget for the financial year under review for audit verification.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and**

**the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

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

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

### Lack of risk management policy and disaster recovery plan

The Fund does not have a risk management strategy contrary to section 158(1)(a) and (b) of the Public Finance Management (County Government) Regulations, 2015.

### Management Response

Hon Chair, it is true that we currently don't have fund's risk and fraud policy in place. However, we have a service contract with HELB on administration of the fund including loan recovery plan since HELB has enough capacity and adequate legal framework to address the concerns of likelihood of loss of information or data.

Further, the fund utilizes the county governments risk management policy after it was adopted by the board.

### Committee Observations

The Committee observed that the Fund operated without a risk management and fraud policy in place during the financial year under review, although the Fund utilizes the county governments risk management policy which was adopted by the Board of Directors of the Fund.

**Committee Recommendations**

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

## CHAPTER FOUR

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR BUNGOMA COUNTY EDUCATION SUPPORT SCHEME FOR THE FINANCIAL YEAR 2021/2022

The Governor of Bungoma County, Hon. Kenneth Makelo Lusaka, EGH, appeared before the Committee on Monday, 18th March, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Bungoma County Education Support Scheme for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. David Wamanki - CECM-Education
2. Mr. Nicholas Kiboi - C.O -Education
3. Mr. Chrispinus Barasa - CECM - Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Bungoma County Education Support Scheme for the financial year under review on the following basis-

### 1. Scholarships and Other Educational Benefits

The statement of financial performance reflects scholarships and other educational benefits amount of Kshs.546,439,508 as disclosed in Note 2 to the financial statements. However, the amount is at variance with the amount of Kshs.56,121,598 shown in supporting schedules. The variance of Kshs.490,317,910 has not been explained or reconciled.

ln addition, and as disclosed in Note 2 to the financial statements, the amount of Kshs.546,439,508 in respect of scholarships and other educational benefits relates to disbursement of educational aid to secondary schools, national schools, vocational training centres, special institutions, colleges and universities. However, the amount was not supported by a list of beneficiaries and acknowledgement receipts from the recipient institutions.

ln the circumstances, the accuracy and completeness of the amount of Kshs.546,439,508 incurred on scholarships and other educational benefits could not be confirmed.

**Management Response**

**a) Variance of Kshs. 490,317,910**

See the supporting schedules accounting for the full amount of KShs. 546,439,508;

| Description | Amount (KShs.) |
|---|---|
| Secondary Schools | 376,556,965 |
| National Schools | 130,593,393 |
| Vocational Training Centre | 13,380,000 |
| Special Institutions | 757,760 |
| Colleges | 12,068,532 |
| Universities | 13,082,858 |
| **Total** | **546,439,508** |

**b) Disbursements of KShs. 546,439,508 not supported by list of beneficiaries and acknowledgement receipts from the beneficiary institutions**

The acknowledgement slips had not been provided by the recipient institutions as at the time of the audit. The slips have since been provided to the auditor and the schedules attached.

**Committee Observations**

The Committee observed that-

i. The management failed to provide schedules in support of Kshs. 100,000,000 and Kshs. 38,050,000 in relation to disbursements to Secondary Schools and National schools respectively, for audit verification.

ii. The management submitted the acknowledgement receipts to support the disbursements of Kshs. 546,439,508 from the recipient institutions for verification after the audit period, however, the receipts are yet to be verified by the Auditor-General.

**Committee Recommendations**

**The Committee recommends that-**

i. **The Ethics and Anti-Corruption Commission (EACC) conducts investigations on the matter and provides a status update on the same to the Senate within sixty (60) days of the adoption of this report;**

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

iii. **The Auditor-General verifies the acknowledgement receipts submitted in support of the disbursements of Kshs. 546,439,508 and report back to the Senate on the same within 60 days of the adoption of this report.**

## 2. Presentation of the Financial Statements

The financial statements for the year under review were not prepared in accordance with the requirements of the Public Sector Accounting Standards Board reporting template in the following cases.

The pages for preliminary information of the financial statements are presented in numeric numbers instead of roman numbers. ln addition, the Office of the Auditor-General is referred to as Kenya National Audit Office, while the statement of changes in net assets and statement of comparison of budget and actual amounts are presented as at and for the period ended, respectively, instead of the year ended.

ln the circumstances, the financial statements were not prepared in accordance with the accounting standards as prescribed by the Public Sector Accounting Standards Board reporting template.

**Management Response**

a) **Pages for preliminary information of the financial statements are presented in numeric numbers instead of roman numbers.**
   The omission was noted and corrected
b) **Office of the Auditor-General is referred to as Kenya National Audit Office**
   The omission was noted and corrected
c) **Statement of changes in net assets and statement of comparison of budget and actual amounts are presented as at and for the period ended, respectively, instead of the year ended**.
   The Management notes the omission. The correct titling will be adopted in the subsequent reporting.

**Committee Observations**

The Committee observed that—

i. the financial statements of the Fund were not prepared in accordance with the accounting standards as prescribed by the Public Sector Accounting Standards Board reporting template during the financial year under review.
ii. The management submitted evidence of the corrections made to ensure that the financial statements are in compliance with the accounting standards as prescribed by the Public Sector Accounting Standards Board.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

v. **the County Executive Committee Member responsible for finance should ensure compliance with section 105(1)(d) and (g) of the Public Finance Management Act, Cap. 412A with respect to enforcement of compliance by county entities with all applicable norms or standards regarding accounting practices as prescribed by the Accounting Standards Board; and**

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

**Other Matter**

**Unresolved Prior Year Matters**

In the audit of the previous year, several issues were raised under the Report on the Financial Statements. However, under the progress on follow up of auditor's recommendations section, Management has indicated that only a few of the issues have been resolved leaving others unresolved. No explanation was provided on how those issues indicated as resolved were resolved and why the others have not been resolved as required by the Public Sector Accounting Standards Board reporting template.

**Management Response**

The Management would wish to comment as follows;

a) **Unresolved Prior Year Matters**

The Section reported on 15 findings whose current status is as follows;

| **Status** | **No. of issues** |
|---|---|
| Resolved | 3 |
| Partially resolved | 0 |
| Not resolved | 12 |
| **Total** | **15** |

**Action** – The Fund Administrator shall continue to pursue the partially resolved and unresolved issues.

b) **How the issues indicated as 'Resolved' were resolved**

The details on how the issues were resolved are contained in the column titled 'Management Comments.'

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of**

**section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

## CHAPTER FIVE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR ELGEYO/MARAKWET COUNTY EDUCATION FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Elgeyo/Marakwet County, Hon. Wesley Rotich appeared before the Committee on Monday, 5th August 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Elgeyo/Marakwet County Education fund for the Financial Year ended 2021/2022. He was accompanied by –

1. Mr. Alphanas Tanui - CECM Finance
2. Mr. Edwin Kibor - CECM Education
3. Mr. David Chebii - Head of Finance Reporting
4. Mr. M. Jairo - Director Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Elgeyo/Marakwet County Education Fund for the period under review on the following basis –

### Other Matter

### 1. Budgetary Control and Performance

An under absorption of Kshs.16,997,693, or approximately 24% of the budget. The under absorption is an indication of low bursary disbursements to needy students in the County.

In the circumstances, the main objective of the Fund was not achieved.

### Management Response

The County is now in compliance with the legal requirements of the law governing the management of bursary funds. Management Attached the following to the auditors;

1. Elgeyo Marakwet Education Fund Act, 2017
2. Elgeyo Marakwet County Education Fund Act. (Amended), 2020
3. Approved ECDE Capitation Policy.

### Committee Observations

The Committee observed that the Fund had an under absorption of Kshs.16,997,693, or approximately 24% of the budget.

**Committee Recommendations**

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

## 2. Unresolved Prior Year Audit Matters

The Management has not resolved all the issues or given explanation for failure to do so, in the format and contents prescribed by the Public Sector Accounting Standards Board.

Management was in breach of the law.

**Management Response**

The response has been submitted to the office of the Auditor General and a follow up is being done.

Respective committees at the County Assembly have deliberated and resolved the issues.

**Committee Observations**

The Committee observed that the fund had unresolved prior year matters.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**1. Failure to Perform Due Diligence in Bursary Disbursements**

There was no evidence that the Fund Committee established students who had benefited from other donors in order to give priority to applicants who had not received any education grant, bursary or scholarship from any other donor. This was contrary to Section 24(4) of the Elgeyo Marakwet County Education Fund Act, 2017 which requires such diligence to be carried out.

**Management Response**

The Elgeyo Marakwet county Education Fund in its meeting held on 20th February 2023 deliberated on the requirements of section 24(4) of the Act. The fund administrator notified other institutions of the list of beneficiaries to the fund.

**Committee Observations**

The Committee observed that there was no evidence that the Fund Committee established students who had benefited from other donors in order to give priority to applicants who had not received any education grant, bursary or scholarship from any other donor.

**Committee Recommendations**

**The Committee recommends that—**

i. **the County Executive Committee member (CECM) responsible for Education ensures the Fund adheres to Section 24(4) of the Elgeyo Marakwet County Education Fund Act, 2017, failure to which the provisions of section 34 of the Elgeyo/Marakwet County Education Fund Act, 2017 on penalties for offences shall apply; and**
ii. **The Auditor- General to provide a status update on the same in the subsequent audit cycle.**

**2. Lack of Acknowledgement of Bursary Payments**

Review of documents provided for audit revealed that bursary disbursements totalling to Kshs.43,835,329 were not acknowledged as received by the respective schools and institutions.

In the absence of acknowledgement by recipient institutions, it was not possible to confirm whether these funds were received by the institutions and disbursed to the needy students.

**Management Response**

At the time of Audit, the acknowledgement letters from various institutions had not been received to confirm receipt of funds disbursed for student's fees. However, the fund administrator vide letter Ref: EMC/BUR/EDU/VOL.1/2022.2023 dated June 2nd wrote a reminder to these institutions to comply.

Acknowledgement letters for Kshs. 30,653,694 have so far been received and submitted to Auditors for further review.

**Committee Observations**

The Committee observed that—

i. the management did not provide acknowledgement letters to support bursary disbursements totalling to Kshs.8,182,035.
ii. whereas the acknowledgement receipts to support disbursements of Kshs.35,653,294 was provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the unsupported bursary disbursements amounting to Kshs.8,182,035 and provide a status update of the same to the Senate within sixty (60) days of the adoption of this report; and**

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

## CHAPTER SIX

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR GARISSA COUNTY SCHOLARSHIP FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Garissa County, Hon. Nathif Jama Adam, EGH, appeared before the Committee on Tuesday, 23rd April 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Garissa County Scholarship Fund for the financial year 2021/2022. The Governor was accompanied by—

1. Mr. Abass Ismail - CECM Finance
2. CPA Abdi Nuriye - Head of Treasury
3. Mr. Mohamad Mursal - County Secretary

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Garissa County Scholarship Fund for the period under review on the following basis-

### 1. Unacknowledged Bursary Payments

The statement of financial performance discloses Fund's general expenses of Kshs. 38,455,175. Examinations of payment vouchers and supporting documents provided for audit revealed that the Fund paid Kshs. 38,371,175 as a bursary to various learning institutions. However, payments amounting to Kshs. 2,814,000 relating to bursary disbursements to various universities and colleges of higher learning were not supported with acknowledgement records as evidence that disbursed funds were paid to the institutions.

In the circumstances, the accuracy, completeness and regularity of bursary disbursements balance of Kshs. 2,814,000 could not be confirmed.

### Management Response

The Fund has been directing beneficiary institutions to provide acknowledgement receipts of the funds. However, due to logistical challenges involved some of the acknowledgement receipts are not delivered in the Fund's office in good time. We have managed to obtain some acknowledgement receipts and a sample is attached.

### Committee Observations

The Committee observed that—

i. Management failed to provide acknowledgement records to support the amount of Kshs. 2,814,000.

ii. No justifiable reason why the documents were not provided contrary to section 47 of the Public Audit Act.

**Committee Recommendations**

**The Committee recommends—**

i. **The Ethics and Anti-Corruption Commission (EACC) investigates on the possible loss of Kshs. 2,814,000 and provides a status update on the same to the Senate within sixty (60) days of the adoption of this report; and**

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

**2. Accuracy of Financial Statements**

The statements of financial position reflects cash and cash equivalents balance amounting to Kshs. 475,809. However, the reconciliation provided for audit review indicated a reconciled cashbook balance of Kshs. 120,667 resulting to a variance of Kshs. 355,142 which was not explained.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs. 475,809 as at 30 June, 2022 could not be confirmed.

**Management Response**

The variance was a result of payments in cashbook not yet reflected in the bank statements which included unpresented cheques amounting to Kshs. 355,142 as per attached reconciliation statement and schedule.

**Committee Observations**

The Committee observed that the cashbook balance was Kshs. 120,667 and amount not reflected in the bank statement due to unpresented cheques was Kshs. 355,142.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements,**

failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;

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

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records,** failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A,** failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and

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

## OTHER MATTER

### 1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended revealed that, the fund had an approved budget of Kshs. 60,000,000 against actual receipts of Kshs. 40,000,000 resulting in a shortfall of Kshs. 20,000,000 or 33% of undisbursed funds from the county treasury. In addition, the fund incurred an expenditure of Kshs. 40,148,960 or 67% of the approved budget of the 60,000,000.

In the circumstances, it is evident that the Fund did not benefit needy students in Garissa.

**Management Response**

The budget under performance was as a result of delayed disbursements of funds by the National Treasury to the County Executive which consequently leads to delayed disbursement of funds to the Scholarship Fund. We will continue to persuade the National Treasury to be making timely disbursements.

**Committee Observations**

The Committee observed that the fund received Kshs. 40,000,000 against a projected budget of Kshs. 60,000,000 resulting in a shortfall of Kshs. 20,000,000 thus the bursary did not benefit the needy students.

**Committee Recommendations**

**The Committee recommends that—**

i. **the National Treasury should ensure timely release of funds as per the schedule passed by the Senate to prevent delays in disbursement of bursary funds to the needy students; and**
ii. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

**2. Unresolved Prior Year Matters**

In the report of the previous year, several issues were raised under the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not addressed the issues as at 30 June, 2022 and no explanation has been provided for the same.

**Management Response**

Prior year matters have been addressed as per submission to the senate and office of the Auditor-General dated 10/11/2023. Further recommendations from the committee will be considered to ensure that all matters are resolved.

**Committee Observations**

The Committee observed that the Fund management had not resolved issued raised in the previous financial year by the auditors.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Presentation of Financial Statements

The Fund submitted financial statements for audit during the year under review. It was, however, noted that the financial statements did not contain the background information like the academic and professional qualifications, passport size photos of both the Committee and key management of the Fund. It was also noted that the report of the Fund Administration Committee was signed by a member instead of the Committee Chair.

In addition, the Fund Accountant did not indicate the Institute of Certified Public Accountants of Kenya (ICPAK) membership number Contrary to the guidelines as per Public Sector Accounting Standard Board (PSASB) on presentation of financial statements.

**Management Response**

Subsequently, the Financial statements will be amended to include professional qualifications and passport photos of the management.

The Fund Accountant was not a member of ICPAK but the Fund is in the process of recruiting a new account who is an ICPAK member.

**Committee Observations**

The Committee observed that—

i. Financial statements were not prepared in line with the format prescribed by the Public Sector Accounting Standard Board (PSASB)

ii. The Fund Accountant at the time of audit review was not an ICPAK member.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

vi. **the County Executive Committee Member responsible for finance should ensure compliance with section 105(1)(d) and (g) of the Public Finance Management Act, Cap. 412A with respect to enforcement of compliance by county entities with all applicable norms or standards**

**regarding accounting practices as prescribed by the Accounting Standards Board.**

## CHAPTER SEVEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR HOMA BAY COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Homabay County, Hon. Gladys Wanga, EGH, CBS, appeared before the Committee on Monday, 6th May, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Homabay County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Solomon Obiero - CECM-Finance
2. Mr. Opere Martin - CECM-Education
3. Mrs. Diana Ongere - Chief Officer-Education
4. Mr. Awuor Wilfred - Director Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Homabay County Bursary Fund for the financial year based on the following basis-

### 1. Unsupported Disbursement of Bursaries

The statement of financial performance reflects disbursements to beneficiaries of KSHS. 99,873,743 and as disclosed in note 2 to the financial statements. Review of the bursary application, vetting and approval processes revealed the application forms were not dully filled by the applicants (student) and Ward Bursary Fund Committee officials. This is contrary to section 15(5) of Homa Bay County Education bursary fund act, 2015 which states that an applicant being a new or continuing student shall submit duly filled forms as advised by the committee. In addition, the committee was denied the chance to verify all the information provided by the applicant as required by section 18 of the Homa Bay county education bursary fund act, 2015

In the circumstances the accuracy and validity of disbursement of Kshs. 99,873,743 for the year ended 30 June 2022 could not be confirmed.

### Management Response

The management wishes to state that in the financial year under review, there was no transfer of funds from the county treasury to the Department of Education in respect of bursary. However, the funds disbursed amounting to kshs. 99,873,743 was a balance brought forward from the previous year FY 2020/2021 whose vetting of the successful applicants was done and dully signed by the ward bursary fund committee officials. The application forms were also dully filled and signed. Further the duly filled and signed

vetting committee minutes and application forms were submitted to the Office of the Auditor General for review.

**Committee Observations**

The Committee observed that whereas the management clarified that the disburements amounting to kshs. 99,873,743 was a balance brought forward from the previous year (FY 2020/2021) whose vetting of the successful applicants was done and dully signed by the ward bursary fund committee officials, the explanation was provided outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**2. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflect final receipts budget and actual on comparable basis totaling kshs. 51,500,000 and Nil respectively resulting to an under-funding of kshs. 51,500,000 or 100% of budget. Similarly, the Fund spent kshs. 102,214,906 against an approved budget of kshs. 51,500,000 resulting in over-expenditure of kshs. 48,714,906 or 95% of the budget.

The over expenditure and delayed disbursements of the budgeted amounts affected the planned activities and impacted negatively on service delivery to the citizens of Homa Bay County.

**Management Response**

The management wishes to state that, In the financial year under review; Fy 2021/2022, the County Treasury did not transfer bursary fund to the Department of Education as was budgeted, therefore the department disbursed the balance brought forward from the previous year, Fy 2020/2021, to the beneficiaries amounting to Kshs. 99,873,743 as indicated in statement of comparison of budget and actual amounts. Thus, there was no over expenditure in the financial year under review, 2021/2022.

**Committee Observations**

The Committee observed that—

i. The fund had an under-funding of kshs. 51,500,000 or 100% of budget during the financial year under review.
ii. The budget was not prepared under the accrual accounting standard as prescribed by the Public Sector Accounting Standards Board on preparation of budgets.
iii. The over expenditure of Kshs. 48,714,906 was due to balance brought forward from the previous financial year which was not included in the budget.

**Committee Recommendations**

**The Committee recommends that—**

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

**3. Overdrawn Bank Account**

The statement of Financial Position reflects cash and cash equivalent negative balance of kshs. 55,101 and as disclosed in Note 4 to the Financial Statements. Review of the cash and bank records revealed that the Fund bank account was overdrawn as a result of bank charges totaling to kshs. 69,500 in respect of bounced cheques due to insufficient funds. This was contrary to the provisions of Regulation 82 (7) of the PFMR, 2015 which states that no official County Government Bank Account shall be overdrawn.

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

**Management Response**

The management wishes to state that the cheques bounced due to the following reasons;

| Name | Reason | Amount |
|---|---|---|
| | | |

| | | |
|---|---|---|
| | | |
| | | |

Currently, the fund management has done extensive sensitization of the beneficiaries on appropriate handling of bursary cheques to avoid recurrence.

**Committee Observations**

The Committee observed that the fund's bank account was overdrawn contrary to Regulation 82 (7) of the Public Finance Management (County Governments) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures strict compliance with the provisions of Regulation 82 (7) of the Public Finance Management (County Governments) Regulations, 2015, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

## CHAPTER EIGHT

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KAJIADO COUNTY BURSARY GRANTS AND SCHOLARSHIP FUNDS FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kajiado County, Hon. Joseph Jama Ole Lenku,EGH, appeared before the Committee on Monday, 24th June, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kajiado County Bursary Grants and Scholarship Funds for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Jeremiah Ole Ncharo - CECM- Education
2. Mr. Maison Non - Bursary Fund Manager
3. Mr. Sammy Parashina - Chief Officer-Education
4. Mr. Simon Kipior - Bursary Fund Accountant

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Kajiado County Bursary Grants and Scholarship Funds for the financial year under review on the following basis-

### 1. Inaccuracies in the financial statements

The review of financial statement revealed the following inaccuracies:

i. The statement of financial position reflects an amount of ksh 22,190,683, while the cash book reflects a balance of kshs. 22,272,280, resulting to unreconciled and unexplained variance of ksh. 81,597

ii. Further, the statement of cash flows does not include the amount of kshs. 46,305,780, being cash and cash equivalent as at 1 July, 2022.The cash and cash equivalent balance is therefore understated with a similar amount

iii. The cashbook reflects opening balance of kshs. 46,304,780 while the comparative cash and cash equivalents balance is kshs. 34,205,739 resulting to an unexplained variance of ksh 12,099,041

iv. Receipt totaling kshs. 50,000,000 from the county executive, and which have been reflected in the bank statements were not recorded in the cashbook.

v. In addition note 11 to the financial statements does not provide a detailed analysis of cash and cash equivalents as required by IPSAS accrual reporting template.

vi. The financial statements reflect variances between the comparative and audited balances as detailed below:

| Item | Comparative balances<br>Kshs. | Audited balances<br>(kshs.) | Variances<br>Kshs. |
|---|---|---|---|
| Bursary Disbursement | 63,345,037 | 59,628,172 | 3,716,865 |
| Surplus(deficit) | 34,205,739 | 37,922,604 | (3,716,865) |
| Accumulated surplus | 34,205,739 | 46,305,780 | (12,100,041) |

vii. The statement of changes in net assets reflects accumulated surplus balance as at 1 july 2020 and surplus for the financial year 2020/2021of kshs. 12,100,041 and kshs.34,205,739 respectively, while the audited financial statements reflects balances of ksh 8,383,176 and ksh.37,922,604 respectively. The resulting variance of kshs.3,716,865 in both accounts, and which was compensating was not supported with a note to the financial statements.

viii. The statement of comparison of budget and actual amounts reflects an adjustments column which incorrectly includes the amount for the final budget. The computation of final budget amounts is therefore misleading.

In the circumstances, the accuracy and completeness of financial statements amount and balances could not be confirmed.

**Management Response**

Management investigated the variance of Kshs 81,597 and found out it was a casting error. The correct position of the cash book balance was Kshs. 22,190,683. The same balance is what has been reflected in the Statement of Financial Position as Cash and Cash Equivalents. A copy of the cash book has been attached for reference at Appendix 1. The statement of cash flows includes the amount of Kshs. 46,305,780, being Cash and cash equivalent as at 1ª July 2022. The total was omitted but this was included in the Cash Flow in the subsequent year 2022/2023. The correct cash and cash equivalent as at 1ª July 2022 was Kshs. 46,305,780 as per the Cash book. While Cash and cash equivalent wrong posting of Kshs 34,205,739 is highly regretted. However, this has not affected the total net assets and liabilities for the period of Kshs. 46,305,780. The amount of Kshs. 50,000,000 was budgeted for in the financial year 2022-2023. It was received on 28/09/2022 and posted in the cash book and financial statements in the year it related to. In the notes to the financial year under review, the management recorded cash and cash equivalents for the period as Kshs. 22,190,683. However, management

has provided a detailed analysis of the same in the subsequent year. Appendix 1.2 Management noted the wrong comparative amounts. It hereby confirms that Bursary Disbursement amounted to Kshs 59,628,172 and Surplus(deficit) for the period amounted to Kshs 37,922,604 as per the audited 2020/2021 financial statements. Accumulated surplus variance of Kshs. 12,100,041 was amended in the Statements of Net Assets and the correct balance will be submitted together with the 2023/2024 financial statements. In the financial year under review, the Statement of Comparison of Budget and Actual amounts reflects an adjustments column that incorrectly includes the final budget amount. Management noted the anomaly and ensured this was not repeated in the subsequent year.

**Committee Observations**

The Committee observed that while some of the errors and omissions were mitigated and corrected, others remained unaddressed.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Auditor-General to verify if the prior year adjustments to correct the errors observed were done in the subsequent financial year and provide a status update in the subsequent audit cycle;**
ii. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in counties;**
v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance**

**Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Misstatement of Administration Expenses**

The statement of financial performance reflects administration cost of 3,858,000.

A review of cashbook and bank statements however revealed that Ksh. 5,615,900 was withdrawn for administrative expenses resulting to unexplained variance of Kshs. 1,757,900.

**Management Response**

The variance of Kshs. 1,757,900 was incurred as administrative cost in the financial year 2020- 2022 but due to delay in exchequer receipts the money was cleared after the closure of the year.

**Committee Observations**

The Committee observed that the variance of Kshs. 1,757,900 in relation to administrative expenses between the cashbook and bank statement remained unreconciled.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**3. Failure to Maintain Books of Accounts**

The financial statement reflects amounts and balances which are not supported by a ledger balances. The management did not present the ledger for audit review alongside the trial balance. It was not clear therefore how the trial balance was drawn without a ledger.

In the circumstances the accuracy and completeness of the financial statements amounts and balances could not be confirmed.

**Management Response**

Management has provided the ledger and trial balance that supported amounts and balances that were reflected in the financial statements for the year.

**Committee Observations**

The Committee observed that the management failed to provide the General Ledger for audit review.

**Committee Recommendations**

**The Committee recommends that—**

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

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

**4. Inaccuracies in Cash and Cash Equivalent Balance**

The statement of financial position reflects cash and cash equivalent balance of Kshs. 22,235,900 while the trail balance reflects a bank balance of Kshs. 22,190,683. However, the cash book was not updated with transaction details like the payee and nature of payments. In addition, the cash book was not supported with sign monthly bank reconciliation statements. The bank statement provided for audit also lacked details such as the names of payees. Thus the legitimacy of the payment made could not be established.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalent balance of kshs.22,190,683 could not be confirmed.

**Management Response**

The management has updated the cash book to include transaction details. Copies are attached. Bank Reconciliations are prepared on a monthly basis and copies are attached at for reference. Further, the bank statement does not include the names of the beneficiaries, however, it states the cheque numbers to represent the payee. This can have verified in the cashbook as it contains both the names of payees and the cheque numbers.

**Committee Observations**

The Committee observed that-

i. the cashbook submitted for audit verification did not contain the names of payees and the nature of payments.
ii. The management failed to submit signed monthly bank reconciliation statements for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**5.Unsupported Bursary disbursement**

The statement of financial performance and note 6 of the financial statement reflects bursary disbursement of Kshs. 98,784,460. The amount includes expenditure of kshs. 36,379,600 whose payments vouchers, and the supporting documents were not provided for audit review. Further, the expenditure of ksh 98,784,460 was not supported by; detailed schedule of payments, list of beneficiaries, approval process and criteria at both ward and county committees, list of applicants, acknowledgement by recipient institutions, procedure of identification of training institutions and copies of driving licenses from the beneficiaries

In addition, the cashbook shows payments totaling kshs. 142,250,013.20 on bursary disbursements which differs from financial statements amount of kshs.98,784,460 by kshs.43,465,553.20.

In the circumstances, the accuracy and completeness of the bursary disbursements amount of kshs. 98,784,460 could not be confirmed.

**Management Response**

The management has provided a detailed schedule of payments, payments vouchers, list of beneficiaries, Ward Committee Minutes and a list of beneficiaries, acknowledgements and driving licenses from driving school.

Further, payments totaling Kshs. 142,250,013.20 include payments of the subsequent year. An analysis of the payments and bank statements supporting the payments have been attached.

**Committee Observations**

The Committee observed that-

i. The management failed to provide payment vouchers and other supporting documentation with regards to Bursary disbursements amounting to kshs. 36,379,600.
ii. whereas the list of applicants and sample acknowledgement by recipient institutions were provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
iii. There was a variance of Kshs. 43,465,553.20 between the payments recorded in the cash book and the corresponding amount reflected in the financial statements which remained unreconciled as at the time of audit.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public**

**Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

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

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

1. **Non-compliance with the Reporting Framework**

The variances between budget and actual amounts exceeded the 10% threshold with no explanations contrary to the requirement of paragraph 24.14 of international public sector Accounting standards. The financial statements as prepared do not conform to the reporting template and requirements of the Public Sector Accounting Standards Board.

**Management Response**

Management is well-guided on the reporting framework and the requirements of the Public Sector Accounting Standards Board (IPSAS). In the subsequent years, the prescribed reporting framework was adhered to.

**Committee Observations**

The Committee observed that the Fund's financial statements were not prepared in conformity with the reporting template and requirements of the Public Sector Accounting Standards Board.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Failure to Submit the Financial Statement on Time**

The financial statements for financial year 2021-2022 were submitted for audit review on 29th October 2022 contrary to section 149 of the public financial management act 2012 which provide a statutory deadline for submission of the financial statements to the auditor general on 30th September every year.

**Management Response**

The above observation was as a result of transition of the Fund Management that led to late preparation and submission of the financial statements. This anomaly will not recur in the subsequent years. In the subsequent years, the preparation and submission of financial statements for audit have been done on time.

**Committee Observations**

The Committee observed that whereas the Fund's financial statements were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

## CHAPTER NINE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KERICHO COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kericho County, Hon. Dr. Erick Mutai appeared before the Committee on Tuesday, 6th March 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kericho County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mrs. Judith Chirchir - CECM Education
2. Mr. Richard Tonui - CO Education
3. Mr. Denis Ruto - Ass. Director Education
4. Mr. George Kirer - Director Accounting

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Kericho County Bursary Fund for the period under review on the following basis-

**1. Unconfirmed recovery of receivables from non-exchange transactions**

The statement of financial position reflects Kshs. Nil balance under receivables from non-exchange transactions, a reduction from the prior year balance of Kshs. 68,850,000 as disclosed in Note 12 to the financial statement. However, management did not provide for audit verification records confirming that the amount was received from the county executive. In addition, review of the Kericho county executive financial statement did not reflect any repayment to the fund during the year.

In the circumstance the recovery of the receivable from non-exchange transaction of the Kshs. 68,850,000 during the year and thus completeness and accuracy of the reported Kshs. Nil balance as at 30th June, 2022 could not be confirmed.

**Management Response**

The management concurs with the auditor's observation, but stated that the final budget for prior year 2020/2021 was Kshs. 81,994, 656 however, the amount received was Kshs. 13,144,656 leading to a difference of Kshs. 68,850,000 recorded as receivable in the statement of financial position.

In the year tender review prior year adjustments was done as shown in note 13 to the financial statements, as guided big IPSAS 23 Paragraphs 40 and 41 which addresses circumstances in which an entity gains control of resources embodying future economic benefits or service potential on revenue from non-exchange transactions and states that an entity will recognize an asset arising from a non-exchange transaction when it gains

control of resources that meet the definition of an asset and satisfy the recognition criteria the entity will need to establish enforceability of its control of resources before it can recognize an asset. If an entity does not have an enforceable claim to resources. This prompted the prior year adjustments to correct the anomaly, as the amount of Kshs. 68,850,000 was not a receivable but a budget difference.

**Committee Observations**

The Committee observed that—

i. The County did not provide documentation on the source of Kshs. 68,850,000 recorded in the financial statements, but later corrected the anomaly and stated that the amount was a budget difference and not a receivable.
ii. The prior year budget was Kshs. 81,994,656 but the Fund received Kshs. 13,144,656 resulting to a difference of Kshs. 68,850,000.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

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

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

### 1. Failure to award bursaries

During the year under review, the fund received an amount of Kshs. 80,819,000. However, the fund awarded an amount of Kshs. 1,246,428 during the year that had not been disbursed as year-end and incurred administration cost of Kshs. 1,640,100 during the year. No reasons were given for failure by the fund management to disburse

bursaries to needy students. The fund therefore did not pursue the purpose for which it was set up as provided in section 3(2) of Kericho County Bursary Act, 2014 which provides that the object and purpose of the fund shall be used for granting bursaries to assist needy students to pursue education at such recognized institutions.

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

**Management Response**

The management notes the auditors' observations, however, they clarified that an award of bursary did occur of which an equivalent to Kshs. 80,819,00 to different learning institutions were approved by the board. It is the actual disbursement of the fund to the learning institutions that did not occur in the period under review. The delay was occasioned by late exchequer releases.

Further, the amount of Kshs. 1,246,428 relates to bounced cheques by the fund's banker due to non-availability or incorrect accounts details of the receiving institution.

The amount of Kshs. 1,640,100 relates to administrative cost for the award of Kshs. 80,819,000 in the year under review.

**Committee Observations**

The committee observed that—

i. The Kshs. 80,819,00 was not disbursed to the learning institutions during the period under review due to late exchequer release.
ii. An amount Kshs. 1,246,428 from the fund was not disbursed as it relates to bounced cheques due to incorrect accounts details.
iii. Kshs. 1,640,100 was administrative costs for the award of the Kshs. 80,819,00 bursaries.

**Committee Recommendations**

**The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the operations and financial management of Kericho County Bursary Fund during the financial year under review with a view of holding accountable those that may be found culpable and provides a status update on the same to the Senate within sixty (60) days from the adoption of this report.**

**2. Unjustifiable administration expenses**

Included in the use of goods and services expenditure balance of Kshs. 1,640,100 as disclosed in Note 7 to the financial statement is administration fees of Kshs, 1,637,500 which related to allowances paid to the bursary committee while Kshs. 1,246,428 was

awarded, and not disbursed as at year end. This implies that the committee used more money on reviewing the bursaries than the actual bursary granted to the needy. The basis of payment of allowances without output was not explained and the expenditure could therefore not be justified.

In the circumstances, the regularity and value for money of the expenditure on the administration expenses of Kshs. 1,637,500 for the year ended 30th June,2022 could not be confirmed.

**Management Response**

The management is cognizant of the auditor's observation, and clarified that the administration cost of Kshs. 1,637,500 was incurred within the ambit of Kericho Bursary Act, 2014 to administer the bursary award to the tune of Kshs. 80,819,000 from the 30 wards within the County for the year under review.

Further the Kshs. 1,246,428 relates to returned inwards cheques by the fund banker. This relates to previous disbarments and not for the year under review.

Lastly, the management state that the administrative cost was justifiable and within the limits permitted under the Bursary Act and Public Finance Act.

**Committee Observations**

The Committee observed that—

i. The disbursement schedule for the bursaries presented was not tied to a specific year.
ii. An amount Kshs. 1,246,428 from the fund was not disbursed as it relates to bounced cheques due to incorrect accounts details.
iii. The County incurred an administration cost of Kshs. 1,637,500 in disbursing the bursaries.

**Committee Recommendations**

**The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the operations and financial management of Kericho County Bursary Fund during the financial year under review with a view of holding accountable those that may be found culpable and provides a status update on the same to the Senate within sixty (60) days from the adoption of this report.**

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

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

### 1. Weaknesses in governance structure

Review of records revealed that the fund administrator is also the secretary to the fund administration committee with the responsibility of planning and keeping records of the proceedings of the meetings and performing such other duties as the Committee may direct.

In the circumstances, there is no segregation of duties in the management of fund affairs

**Management Response**

The management recognize the Auditor's observation, indeed without proper segregation of duties internal controls, risk management and fund governance can be compromised.

The management shall take corrective action by amending the Bursary Act and formulating the regulation of the same.

**Committee Observations**

The Committee observed that there is no proper segregation of duties in the governance of the fund.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Governor of Kericho County should amend the Kericho Bursary Act, 2014 to clearly define the role of the Committee members and separate powers for the fund to run efficiently; and**

ii. **The CECM Finance ensures that the Fund Committee puts in place all internal control systems such as Risk Management Policy as provided under regulation 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds. Further, the CECM Finance to submit evidence of the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

2. **Lack of internal audit review**

During the year under review, the fund was not audited by the internal audit department and the accounting officer lacked support with regard to responsibilities for the issues of risk control, governance and associated assurance. This is contrary to section 155(5) of the Public Finance Management Act, 2012 which provides that a county government entity shall ensure that it has appropriate arrangement for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, it was not possible to confirm existence of effective governance structure in the Fund.

**Management Response**

The management concur with the Auditor's observation that there was no internal audit review in the period under review. However, they pointed out that they have an active Internal Audit department which has a workplan and had previously carried out review of Bursary fund of which one of the recommendations was the review of the Kericho County Bursary Fund Act, 2014.

**Committee Observations**

The Committee observed that there was no internal audit review for the period under review. However, management stated that there was an active Internal Audit department that had previously carried out a review of the Bursary fund.

**Committee Recommendations**

**The Committee recommends that the CECM responsible for Finance ensures that the Fund Committee puts in place all internal control systems such as the Internal Audit Committee as provided under section 155 (5) of the Public Finance Management Act, 2012, to guide the internal operations of all the funds. Further, the CECM responsible for Finance to submit evidence of the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

## CHAPTER TEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KIAMBU COUNTY EDUCATION BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kiambu County, Hon. Dr. Kimani Wamatangi, CBS appeared before the Committee on Tuesday, 25th June 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kiambu County Education Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mrs. Nancy Kirumba - CECM-Finance, ICT and Economic Planning
2. Mr. William Kimani - Kiambu County Chief Officer-Finance
3. Mrs. Susan Kimando - Accountant Fund
4. Mr. Max Chege - Senior Legal Counsel

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Kiambu County Education Bursary Fund for the period under review on the following basis-

### 1. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs. 5,824,285. However, review of bank reconciliation statement for the month of June, 2022 revealed unpresented cheques totalling to Kshs. 22,727,974 whose acknowledgement by beneficiary institutions and dates of subsequent clearance were not provided for audit verification.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs. 5,824,285 could not be confirmed.

**Management Response**

Having released the cheques on 30th May 2022 which was one month to the closure of the Financial Year 30th June 2022, the beneficiaries delayed in the submitting the cheques to schools and likewise on the schools banking rules they could have delayed in presenting the cheques for clearance.

The cheques were cleared in subsequent financial year as evidenced by the bank statement

**Committee Observations**

The Committee observed that unpresented cheques totalling to Kshs. 22,727,974 were not provided for audit verification as the beneficiaries delayed in submitting the cheques. The cheques were cleared and presented in the subsequent financial year.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**2. Unsupported Fund Administration Expenses**

The statement of financial performance and Note 2 to the financial statements reflect fund administration expenses of Kshs. 6,262,385. However, the fund administration expenses translated to an equivalent of 3.4% of the total transfers from the County Government amounted to Kshs. 180,000,000 and the opening cash and cash equivalents balance of Kshs. 2,445,931. This was contrary to the provisions of Section 5(2) of Kiambu County Education Bursary Fund Act, 2014 which requires that administration costs should not exceed 3% of the total money in the Fund.

Further, the administration expenses include expenditure of Kshs. 1,747,500 paid as taskforce allowance for various activities which by their nature appear to be routine Tasks for which staff draw a monthly salary. The taskforce allowances were not subjected to taxation and were not supported with committee meetings minute's attendance registers, monitoring and evaluation reports and procurement documents for conference facilities.

ln addition, the fund administration expenses includes an amount of Kshs. 3,437,255 which was incurred without requisite authorization by the Accounting Officer.

In the circumstances, the completeness and accuracy of the fund administration expenses could not be confirmed.

**Management Response**

The management acknowledges that the budget was surpassed by 0.4%. The same will be addressed in future executions.

The Bursary team was drawn from the Sub-counties warranting them meal allowance. The assignments were not part of their normal job descriptions. There were a mix up of the vouchers forwarded for audit and the signed vouchers are all available for verification. The file copy was fully signed.

**Committee Observations**

The Committee observed that—

i. The fund administration expense was 3.4% which was contrary to section 5(2) of Kiambu County Education Bursary Fund Act, 2014 which requires that administration costs should not exceed 3% of the total money in the Fund.
ii. Kshs. 1,747,500 was paid as taskforce allowance for meals and was not supported by Committee meetings minutes and attendance register.
iii. Signed vouchers were later presented for audit review and verification.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

### 3. Unsupported General Expenses- Bursary Disbursements

The statement of financial performance and Note 3 to the financial statements reflects general expenses – bursary disbursements of Kshs.170, 359,261.

However, the bursary disbursements were not supported by schedule/ledger, endorsed ward committee minutes, bursary application register with names and Schools and acknowledgement of receipt by beneficiary institutions.

In the circumstances, the accuracy and authenticity of general expenses – bursary disbursement expenditure of Kshs.170, 359,261 could not be confirmed.

**Management Response**

The bursary disbursements were all supported by schedule, endorsed ward committee minutes, bursary application schedule with names and are available for review.

**Committee Observations**

The Committee observed that bursary disbursements of. Kshs.170,359,261 was not supported by ward committee minutes and application schedules at the time of audit but these documents were later provided for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Auditor-General to review the submitted documents and revert to the Committee within sixty (60) days after the adoption of this report; and**

ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

## CHAPTER ELEVEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KILIFI WARD SCHOLARSHIP FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kilifi County, Hon. Gideon Maitha Mung'aro, OGW, appeared before the Committee on Monday, 26th February, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kilifi Ward Scholarship Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Raymond Ngala - CECM-Finance
2. Mr. Fredrick Nguma - Chief Officer-Education
3. Mrs. Weema Sirya - Fund Administrator-Scholarship
4. Mr. Paul Kariba - Fund Accountant-Scholarship

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Kilifi Ward Scholarship Fund for the financial year based on the following basis-

### 1.0 Un reconciled Cash and cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents of Kshs. 12,624,853 as at 30 June, 2022 while the statement of cash flows reflects a balance of Kshs. 16,647,840, resulting in Un-reconciled variance of Kshs. 4,022,987.

In the circumstances the accuracy and completeness of the cash and equivalents balance of Kshs 12,624,853 could not be confirmed.

### Management Response

The fund management concurs with the observations. However, we corrected and reconciled the variance in the submitted Financial statements FY 2022/23. Attached submitted abstract of corrected cash flow statement and statement of financial position.

### Committee Observations

The Committee observed that the variance of Kshs. 4,022,987 was an error which has since been reconciled in the financial statements of the subsequent financial year.

### Committee Recommendations

**The Committee recommends that the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of**

**bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**2.0. Un- supported Bursary Disbursements**

The statement of financial performance reflects general expenses (bursary payments) of Kshs. 349,334,615. However, the management did not provide the lists of bursary applicants for the year under review for audit.

Further, there was no evidence to confirm that the lists of the bursary applicants, successful applicants and ward scholarship committee resolutions were submitted to the county assembly select committee as required by section 29(1) of the Kilifi County Ward Scholarship Fund Administration (Amendment) Act, 2018, that " the chairperson of the Ward Scholarship committee shall submit to the Board, a list containing (a) the names of all the applicants and resolutions of the committee whether to accept or reject the application and: Section 29(2) that provide that the Board shall submit to the County Assembly Select Committee; (a) a list under Subsection (1) and (b) a list containing the successful scholarship applications'

In the circumstances, accuracy, completeness and regularity of the bursary payments of Kshs. 349,334,615 could not be confirmed.

**Management Response**

It is true. However, the list is hereby attached for verification.

Attached bursary applicants register.

It is true that the lists of bursary applicants were not submitted to county assembly however, the current position is that we are now fully compliant as per the Act.

Attached a submission letter of lists of successful scholarship applicants to the Kilifi County Assembly for approval.

**Committee Observations**

The Committee observed that whereas lists of bursary applicants and evidence of the submission of the lists of the bursary applicants, successful applicants and ward scholarship committee resolutions to the County Assembly were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**Other Matter**

1. **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects both the final budget receipts and actual amounts on comparable basis of Kshs. 372,618,538 or 100% of the budget performance. Similarly, the fund expended Kshs. 359,993,685 against an approved budget of Kshs.372,618,538 resulting in under-expenditure of Kshs.12,624,853 or 3% of the budget.

In the circumstances, the under – expenditure is likely to affect the planned activities and may impact negatively on service delivery to the public.

**Management Response**

The underperformance was largely contributed by lack of proper communication channel between the fund and ward scholarship committees which occasioned delay in submitting lists of successful students hence making the payment of bursary to cross the financial year.

However, the amended Act 2023 included the ward administrators in committees as Ex-officio who will provide a link between the fund and the ward scholarship committees for proper communication.

**Committee Observations**

The Committee observed that the under-expenditure of Kshs.12,624,853 or 3% of the budget was due to delay in submission of lists of successful students which resulted in the payment of bursary being made in the subsequent financial year.

**Committee Recommendations**

**Noting the clarification by the management, the Committee recommends that the query be marked as resolved.**

### 2. Unresolved Prior Years Matters

In the audit report of the previous year, various issues were raised and which management has indicated as resolved but remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in the resolving the prior year audit issues.

**Management Response**

The fund management submitted the responses on the auditor general's report for previous years for verification

Attached is submission letter of the responses to the Auditor general.

**Committee Observations**

The Committee observed that the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**Unsupported Re-allocation of Ward Bursary Funds**

During the year under review, the total funds available to be shared equally among the thirty- five (35) wards for bursaries was Kshs. 339, 500,000 (97% of 350,000,000). As such, each ward was allocated Kshs. 9,700,000 for this purpose. Bursary disbursements schedule provided for audit indicated that at the end of the financial year, an amount of Kshs. 7, 180, 326 had been re-allocated among the wards as some of the wards recorded expenditures either above or below their allocations. However, reallocation concurrence of the County Executive Committee Member and the County Assembly Select Committee were not submitted for audit, contrary to Kilifi County ward Scholarship Fund Act, 2018 Section 7 (3) which states that notwithstanding Subsection 7 (1), at the end of a financial year, unspent funds by a ward may be reallocated to another ward on the concurrence of the Executive Committee Member and the County Assembly Committee.

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

**Management Response**

The fund agrees with the observation. However, the over or under expenditure was not as a result of reallocation it happens when some ward don't exhaust their allocation which they later spend it in the subsequent year plus the current allocation hence over expenditure. While others which don't have balance from previous year and happen to spend less in the current year record under observation.

Attached is sample of wards' ledgers showing the over and under absorption cases.

**Committee Observations**

The Committee observed that whereas the ledgers showing the allocations and utilization of scholarship funds were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

## CHAPTER TWELVE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KIRINYAGA COUNTY EDUCATION BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kirinyaga County, Hon. Anne Waiguru, EGH, OGW, appeared before the Committee on Wednesday, 19th June, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kirinyaga County Education Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following Kirinyaga County Education Bursary Fund officers:

1. Mrs. Jacqueline Njogu - CECM-Finance
2. Mr.Patrick Mugo - Chief Officer-Education
3. CPA Edward Nyaga - Chief Officer-Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Kirinyaga County Education Bursary Fund for the financial year based on the following basis—

### 1.0 Inaccuracies in the Financial Statement

Review of financial statement prepared and presented for audit revealed the following inaccuracies

i. The statement of financial position reflects total assets balance of Kshs.15,244,897 as at 30 June ,2022 whereas total net assets and liabilities is reflected as Kshs. 15,163,897 resulting to unexplained and unreconciled variance of Kshs. 81,000.

ii. The statement of financial position reflects cash and cash equivalent balance of Kshs. 15,244,897 as at 30 June, 2022. However, Note 11 to the financial statements, cash books and bank reconciliations statements provided for audit revealed a balance of Kshs. 3,399,744 resulting to unexplained and unreconciled variance of Kshs. 11,845,153.

iii. Note 11 to the financial statement supporting the cash and cash equivalents balance of Kshs. 15,244,897 has not disclosed the account numbers of various wards' accounts.

iv. The statement of comparison of budget and actual amounts erroneously indicates nil performance difference instead of Kshs. 155,508 in respect to total expenditure.

**Management response**

i. In the financial year 2020/2021, the cash and cash equivalents amount brought forward was Kshs. 44,698,145. The net increase in cash and cash equivalents was (Kshs. 29,689,756) hence the net cash and cash equivalents as at 30 June, 2021 should have been Kshs. 15,008,389 and not Kshs. 15,089,389 hence the variance of Kshs. 81,000. This was a transposition error.
The statement of cash flows for the year ended 30 June, 2022 considered the amount of Kshs. 15,089,389 instead of Kshs. 15,008,389 as the cash and cash equivalents as at 1 July, 2021 resulting to the cash and cash equivalents as at 30 June, 2022 of Kshs. 15,244,897 instead of Kshs. 15,163,897 resulting to a variance of Kshs. 81,000.

ii. The amount of Kshs. 15,244,897 was the cash and cash equivalents as at 30 June, 2022, which is the amount that should have been described in Note 11. An amount of Kshs. 3,399,744 is reflected in note 11 resulting to the variance of Kshs. 11,845,153. The variance is corrected by describing the amount of Kshs. 15,244,897 as the cash and cash equivalents in Note 11 to the financial statement.

iii. The account numbers for various ward accounts in relation to the amount of Kshs. 15,244,897 have not been disclosed in Note 11 to the financial statement. The anomaly was noted and rectified by disclosing the account numbers of various wards' accounts in FY 2022/23.

iv. The amount of Kshs. 155,508 in respect to total expenditure should have been reflected as the performance difference in the Statement of Comparison of Budget and Actual Amounts. The anomaly is noted and rectified to indicate Kshs. 155,508 as the performance difference in respect to total expenditure in FY 2022/23.

**Committee Observations**

The Committee observed that—

i. The variance of Kshs. 81,000 and the non-disclosure of Kshss. 15,244,897 were errors which were yet to be corrected.

ii. The variance of Kshss. 11,845,153 and Kshs. 155,508 were errors which were corrected in the financial statements of the subsequent financial year.

**Committee Recommendations**

**The Committee recommends that—**

**i. The Auditor-General to verify that the variance of Kshs. 81,000 is reconciled and the disclosure of Kshs. 15,244,897 is made within the financial**

**statements of the subsequent financial year and provide a status update to the Senate on the same during the subsequent audit cycle;**

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

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

## 2.0 Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs. 15,244,897 as at 30 June 2022. However, review of cash books and bank reconciliation statements and bank certificates provided for audit revealed the following:

i. There were stale cheques amounting to Kshs. 106,500 for account number 1161083472 and 1161083510 for Baragwi and Ngariama Wards respectively.

However, the stale cheques had not been reversed in the respective cash books as at 30 June, 2022.

ii. Note 11 to the financial statements reflects bank balance of Kshs. 29,806 for Tebere Ward, whereas the cash book reflected a balance of Kshs. 49,306 resulting to unexplained and unreconciled variance of Kshs.19,500.

iii. Bank certificate and bank reconciliations statements for Kiine Ward account were not provided for audit review

**Management response**

i. The amount of Kshs. 106,500 being stale cheques Kshs. 38,000 for Baragwi Ward and Kshs. 68,500 for Ngariama Ward were reversed in the cash book on 15 October, 2022.

**ii.** The reconciled cash book balance for Tebere Ward is Kshs. 49,306 and not Kshs. 29,806 as per the attached bank reconciliations and cash book extract.

iii. The bank certificates and bank reconciliation statements for Kiini Ward Account are attached.

**Committee Observations**

The Committee observed that—

i. The stale cheques amounting to Kshs. 106,500 were reversed and replaced therefore, the matter was addressed.

ii. The variance of Kshs.19,500 was an error which has since been corrected, therefore the matter was addressed.

iii. whereas the bank certificates and bank reconciliation statements were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

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

**ii. the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act,**

**Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

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

### 3.0 Unsupported Bursaries

The statement of financial performance reflects use of goods and services amount of Kshs. 125,637,320 for the year ended 30 June, 2022 and disclosed under Note 7 to the financial statements. This amount includes general expenses of Kshs. 122,222,707 in respect to bursaries for students in Secondary, Tertiary and Universities. However, a review of the supporting documents revealed the following:

i. Bursaries amounting to Kshs. 122,222,707 were disbursed to students while the acknowledgments receipts provided for audit amounted to Kshs. 36,381,700 resulting to unsupported bursaries of Kshs. 85,841,007.

ii. The list of beneficiaries was not signed and stamped as required.

iii. Vetting committee minutes were not provided for audit. Therefore, the criteria on how the beneficiaries were identified was not disclosed.

**Management Response**

i. The schedule for bursaries issued amounting to Kshs. 122,222,707 is attached. A schedule of availed acknowledgements receipts totaling Kshs. 81,350,500 is attached.
ii. The signed and stamped lists of beneficiaries for the financial year 2021/22 are attached.
iii. The Ward Committees' vetting minutes for the financial year 2021/22 are attached.

**Committee Observations**

The Committee observed that the management provided signed and stamped lists of beneficiaries, the Ward Committees' vetting minutes and acknowledgement receipts to support the bursaries of Kshs. 85,841,007 for audit review outside of the audit timelines and that the Auditor-General was yet to verify the submitted supporting documents at the time of the meeting.

**Committee Recommendations**

**The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the matter and provides a status update on the same to the Senate within sixty (60) days from the adoption of this report.**

**Other Matter**

**1. Unresolved Prior Audit Matters**

Various prior year audit issues remained unresolved as at June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved issues are not disclosed under the progress on auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

In the circumstances, the matters are considered unresolved.

**Management Response**

The prior year Auditor's recommendation progress report is attached. The management has taken corrective measures to ensure disclosure in subsequent reports and to ensure resolution of all prior year issues.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

**2. Failure to prepare and present annual report to the county assembly.**

**Management Response**

The annual report for the year under review was due for presentation to the County Assembly by the end of February, 2023 as per PFM Kirinyaga County Education Bursary Fund Regulations, 2016 Section 18 (1) which requires the report to be submitted by the last day of February each year. The report was submitted on 8 November, 2022.

**Committee Observations**

The Committee observed that whereas evidence of the presentation of the annual report to the County Assembly was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

## CHAPTER THIRTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KISII COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kisii County, Hon. Simba Arati, appeared before the Committee on Tuesday, 21st May 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kisii County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mr. Kennedy Abincha - CECM-Finance
2. Mr. John Nyandanyi - Head of Accounting
3. Mr. Omenyo Mose -Senior Accountant
4. Mrs. Sheala Moraa -Senior Accountant

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Kisii County Bursary Fund for the period under review on the following basis-

#### 1. Budgetary Control and Performance

The statement of comparison budget and actual amounts for the year ended 30 June,2022 reflects final revenue budget and actual on comparable basis of Kshs. 11,000,000 and Kshs. 5,340,920 respectively, resulting to an under-funding of Kshs. 5,659,080 (or 51%) of the budget. Similarly, the Fund spent an amount of Kshs. 520,000 out of the approved expenditure budget of Kshs. 11,000,000, resulting to under expenditure of Kshs. 10,480,000 (or 95%) of the budget.

**Management Response**

The management concurred with auditor's observation on budgetary control and performance.

The management had anticipated to issue bursaries and therefore allocated a budget of Ksh. 11,000,000 meant for the payment of bursaries administration costs. However, during the budget review, the funds were re-budgeted. In view of the above, Kshs. 5,659,080 meant for payment of board allowances and printings of bursary forms were not expended, resulting to under-expenditure.

**Committee Observations**

The Committee observed that—

i. The fund had an under-funding of Kshs. 5,659,080 (or 51%) of the budget during the financial year under review.

ii. The fund had an under-expenditure of Kshs. 10,480,000 (or 95%) of the budget during the financial year under review.

**Committee Recommendations**

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

## 2. Unresolved Prior Year Matters

The Audit report for the previous Year included audit issues which remained unresolved as at 30 June, 2022. As indicated in the implementation status of Auditor General's recommendation section of the financial statements the Management did not provide satisfactory reasons for the delay in resolving the prior year audit issues.

**Management Response**

The management concurred with auditor's observation on unresolved prior years matters that is

- Budgetary Control and Performance

The department has taken note of the auditor's observation and there is compliance in subsequent financial years.

- Irregular Transfer of Funds to County Treasury

The management concurred with the auditor's findings on borrowing of Kshs. 1,832,000 from the bursaries Fund. The money was requested by County Treasury to help them in paying the cleaning groups who had boycotted works because they had not been paid their wages.

**Committee Observations**

The Committee observed that the management had not resolved issues raised by the auditors in the previous audit but had since made steps towards resolving the issues.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Irregular Transfer of Funds to County Treasury

The statement of financial position reflects loan receivable balance of Kshs. 4,855,000 which relates to cash withdrawals for Kisii County Executive operations. The amount was to be refunded once the County Executive received his funding from National Government. However, the amount was still outstanding as at 19 October, 2022. Further, the cash withdrawals were not approved by the Fund Administration Committee.

**Management Response**

The management concurred with the auditor's findings, in the year under review, the bursary program was dropped and the money meant for fund administration was borrowed by the county Treasury in paying the cleaning groups who had boycotted works because they had not been paid their wages.

**Committee Observations**

The Committee observed that Kshs. 4,855,000 was drawn from the bursary fund as a loan to the Kisii County Executive and has not yet been refunded.

**Committee Recommendations**

**The Committee recommends that—**

i. **the County Executive should refund the amount of Kshs.4,855,000 to the Bursary Fund within 60 days of the adoption of this report and ensure strict compliance with section 142(3) of the Public Finance Management Act,**

**Cap.412A, with regards to repayment of borrowed funds within a year from the date of borrowing, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

ii. **The Auditor-General should follow up on the matter and report back to the Committee in the subsequent audit cycle.**

**2. Non-Allocation of Funds to the Bursaries Fund**

According to the statement of comparison of budget and actual amounts, the original budget for bursary disbursements was Kshs. 135,000,000. However, the amount was removed in subsequent budget review. As a result, no bursaries were disbursed to needy students by the Fund during the year under review. This was contrary to Section 4 of the Kisii County Bursaries Fund Act, 2014, which states that the objective of the Fund is to provide bursaries to financially disadvantaged or needy students in the County, including persons with disabilities, who deserve support to pursue education at recognized schools and educational institutions.

**Management Response**

The management concurred with the auditor's observation on Non –allocation of funds to the bursaries fund. This was after the amounts were re-budgeted in the supplementary as a result of budgetary constraints. However, in the subsequent years Bursaries Fund of Kshs. 145,000,000 and Kshs. 245,000,000 respectively for FY 2022/ 2023 and FY 2023/2024 were budgeted and disbursed to needy students.

**Committee Observations**

The Committee observed that budgetary allocation of Kshs. 135,000,000 was removed in subsequent budget review due to budgetary constraints in the year under review.

**Committee Recommendations**

**The Committee recommends that the Governor should ensure strict adherence to section 4 of the Kisii County Bursaries Fund Act, 2014 and allocate bursaries to the needy students of Kisii County. The Auditor-General to monitor the implementation of the recommendation and provide a status update of the same to the Senate within the subsequent audit cycle.**

## CHAPTER FOURTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR KWALE COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Kwale County, Hon. Fatuma Mohamed Achani, appeared before the Committee on Monday, 4th December, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Kwale County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. CPA Bakari Sebe - CECM Finance
2. Mrs. Mishi Mwakaole - CECM Education
3. Mrs. Sylvia Chidodo - County Secretary
4. Mr. Juma Nzao - CO Education

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered an **Unqualified Opinion** on the financial statements of the Kwale County Bursary Fund for the financial year under review on the following basis-

### Other Matter

### Unresolved Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved those matters nor disclosed them under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

### Management Response

The following issues were raised in the previous audit reports FY 2020/2021 and were resolved as follows;

1. Inaccuracies in the financial statements

The issues in the financial statements were noted and rectified through journals in the FY 2021/2022.

2. Fund oversight committee

The committee is now in place and all bursary awards for this financial year were approved as required by law.

3. Inadequacy of the Enabling Legislation

The observations on winding up of the fund have been noted and included in the proposed draft bill amendment to the Kwale County Bursary fund Act that the department is currently working on.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**Inadequacy of the Enabling Legislation**

As previously reported, the Kwale County Bursary Fund Act, 2014 does not provide for winding-up of the Fund, contrary to Regulation 198 of Public Finance Management (County Governments) Regulations, 2015 which provides that the County Executive Committee Member shall provide for the Management, operation and winding-up procedure in the guidelines for establishing each Fund which shall be in accordance with the Act and these Regulations.

In the circumstances, the law establishing the Fund is not aligned to the Public Finance Management Act, 2012.

**Management Response**

The observations on winding up of the fund have been noted and included in the proposed draft bill amendment to the Kwale County Bursary fund Act that the department is currently working on.

**Committee Observations**

The Committee observed that the Kwale County Bursary Fund Act, 2014 did not provide for the procedure for winding up of the Fund.

**Committee Recommendations**

**The Committee recommends that within 60 days of the adoption of this report, the Governor of Kwale County ensures that the Kwale County Bursary Fund Act, 2014 is amended to provide for the winding up of the Fund in line with Regulation 198 of Public Finance Management (County Governments) Regulations, 2015.**

## CHAPTER FIFTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR LAIKIPIA COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Laikipia County, Hon. Joshua Wakahora Irungu, EGH, appeared before the Committee on Monday, 18th March, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Laikipia County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Samuel Gachigi – CECM Finance
2. Mr. Mwangi Gichuki – CO Education
3. Mr. Caleb Mwangi – Chief Accountant County Funds

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Laikipia County Bursary Fund for the financial year under review on the following basis-

### 1. Prior Year Adjustment

Note 24 to the financial statements reflects prior year adjustment of Kshs. 468,000 and Kshs. 154,000 for 2021-2022 and 2020-2021 respectively. However, no schedules supporting the balances were presented for audit review. Further, the comparative balance of Kshs. 154,000 was not included in 2020/2021 signed financial statements.

In the circumstances, the accuracy and validity of the prior year adjustment balances of Kshs. 468,000 and Kshs. 154,000 for 2021/2022 and 2020/2021, respectively, could not be confirmed.

### Management Response

The amount prior year adjustments comprised the figures tabulated below (being an extract of Note 24 in the F/ Statements page 27). The detailed schedules supporting these figures are also availed.

| Prior Year Adjustment | FY YEAR 2022/2023 Q1 | FY YEAR 2021/2022 | FY 2020/21 | Details | Remarks |
|---|---|---|---|---|---|
| | Kshs | Kshs | Kshs | | |

| | | | | | |
|---|---|---|---|---|---|
| Brought forward | | 154,000 | | Stale chqs not reversed during the FY | See Annex 1 for the detailed Schedule |
| Current Year Adjustment | | 1,414,000 | 154,000 | Stale chqs not reversed during FY | See Annex 2 for the detailed Schedule |
| Borrowing - FY 2020/21 | | - 1,100,000 | | | See Annex 3 – Authority to borrow |
| **Total** | | **468,000** | **154,000** | | |

**Committee Observations**

The Committee observed that—

i. The management failed to include the comparative balance of Kshs. 154,000 in the financial statements of financial year 2020/2021.

ii. whereas the schedules supporting the prior year adjustments were provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act,**

**Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

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

**2. Doubtful Bursary Disbursement**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects an amount of Kshs. 35,131,720 in respect to use of goods and services which further includes Kshs. 33,596,292 on bursaries and scholarships disbursed to various secondary schools and tertiary institutions for the benefit of needy students. However, no acknowledgement receipts supporting the disbursement were provided for audit review.

In the circumstance, the accuracy and validity of the disbursement of Kshs.33,596,292 could not be confirmed.

**Management Response**

The disbursement process involved all the beneficiaries/guardians who collected their cheques with an attached list of beneficiaries and an introduction letter addressed to the institution. They were required to submit to the bursary committees the acknowledgement receipts from the respective institutions once the cheques were received. The bursary committees followed up and have since received the acknowledgement letters and receipts.

**Committee Observations**

The Committee observed that whereas the acknowledgement letters and receipts in support of bursary disbursements amounting to Kshs.33,596,292 were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**3. Inaccuracies in the Statement of Cashflows**

The statements of cash flows for the year ended 30 June, 2022 reflects Kshs. 50,000,000 in respect to transfers from the County Government. However, the statement of financial performance and Note 2 reflects Kshs. 25,000,000 on the same item resulting to unexplained and unreconciled variance of Kshs. 25,000,000.

Further, the statement reflects Kshs. 47,793,219 in respect to total payments while the statement of financial performance reflects total expenses of Kshs. 35,131,720 resulting to unexplained and unreconciled variance of Kshs. 12,661,499.

In the circumstances, the accuracy of the financial statements as at 30 June, 2022 could not be confirmed.

**Management Response**

The Bursary Fund operates on IPSAS Accrual Basis of Accounting where revenues/ incomes / transfers are recognized when earned and not when received. The queries above are explained in two parts-Revenue and Expenditure.

**Revenue and Accounts Receivables**

The cash flow amount in 2021/2022 reflects kshs 50.000.000 being the total amount received during the year. However, kshs 25,000,000 (part of the 50,000,000) had been accounted for as an earning/ received during FY 2020/2021 but not received and had been correctly recognized in the statement of Financial Position since actual cash had not been received during that year i.e. 2020/2021. See Table 1 below;

**Table I: Transfers from County Executive**

| | Date | Description | Amount |
|---|---|---|---|
| 1 | 22-Nov-21 | EFT Transfer | 25,000,000 |
| 2 | 20-Jun-22 | EFT Transfer | 25,000,000 |
| | Subtotal | | **50,000,000** |
| 3 | 22-Nov-21 | 2021/22 Receivables paid | -25,000,000 |
| | 30-Jun-2022 | St. F/ Performance 2021/2022 | **25,000,000** |

**Expenditure**

Just as stated above, expenses are recognized on accrual basis. Below is an analysis in Table II that explains what comprises the variance of Kshs 12,661,499.

**Table II: Expenses and Accounts Payables**

| | Description | Amount |
|---|---|---|
| **1** | St of Cash flow 2021/22 | 47,793,219 |
| **2** | St of F/ Performance- Expenses incurred 2021/22 | 35,131,720 |
| **3** | **Variance (Payables B/F from 2020/21 paid in FY 2021/22** | **12,661,499** |
| **4** | Add: Prior Year adjustment 2019/20 that increased payables | 154,000 |
| **5** | Add: Prior Year adjustment 2020/2021 that increased payables | 1,414,000 |
| | **Payables cleared 2021/22** | **14,229,499** |

**Committee Observations**

The Committee observed that whereas the management clarified that the fund uses the IPSAS Accrual Basis of Accounting where revenues/ incomes / transfers are recognized when earned and not when received, therefore, sufficiently addressing the variances of Kshs. 25,000,000 and Kshs. 12,661,499, the explanation was provided outside the

timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

4. **Inaccuracies in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects total income of Kshs. 50,042,224 while the statement of financial performance and Note 2 reflects receipts of Kshs. 25,000,000 resulting to unexplained and unreconciled variance of Kshs. 25,042,224.

Further, the statement reflects total payments of Kshs. 49,361,220 while the statement of financial performance reflects total expenses of Kshs. 35,131,720 resulting to unexplained and unreconciled variance of Kshs. 14,229,500.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

**Management Response**

The approach to our response in No.3 above has been applied to this query and further illustrated in Table III below;

**Revenue / Receivables**

The unreconciled amount of Ksh 25,042,224 is a result of Accrued receivable of ksh 25,000,000 as indicated in No. 3 above being a receivable from non–exchange transaction and the balance of ksh 42,224 comprises cash and cash equivalents as indicated in Note11 of the financial statements.

**Expenses/ Payables**

The variance of Kshs 14,229,500 is explained in Table III below;

**Table III- Kshs 14,229,500**

| | Description | Amount | Remarks |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1 | St of Comparison of Budget 2021/22- Payments | 49,361,220 | (Current & Payables) |
| 2 | St of F/ Performance- Expenses incurred 2021/22 | 35,131,720 | Current only |
| | **Variance- Payables cleared in 2021/22** | **14,229,499** | |

**Committee Observations**

The Committee observed that whereas the management clarified that the fund uses the IPSAS Accrual Basis of Accounting where revenues/ incomes / transfers are recognized when earned and not when received, therefore, sufficiently addressing the variances of Kshs. 25,042,224 and Kshs. 14,229,500, the explanation was provided outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**Other Matter**

**Prior Year Matters**

In the audit report of the previous year, one paragraph was raised under the Report on Financial Statements and two paragraphs under Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

**Management Response**

The status of prior Audit issues is provided in Table IV below;

| | Issue | Status | Remarks |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1 | ▪ Misclassification of Trade and Other Payables from Exchange Transactions kshs 14,229,500 | Resolved | Correct classification being complied with Subsequent years' Financial Statements |
| | Colleges and Universities students: Kshs. 14,229,500 bursaries issued to colleges and universities students in contravention to Section 4(3)(a) and (11)(b) of Laikipia County Education Bursary Act, 2014 | Resolved | CECM authority letter and guiding Bursary Act 2014 and Regulations 2014 availed to auditor to support the College and Universities disbursements |
| 2 | **Fund Administration Costs**<br>Spent Kshs 1,711,472 instead of Kshs. 1,533,000 hence exceeding by Kshs. 178,472. | Not Resolved | The exceeded amount of will be refunded to the Bursary Fund within FY 2023/2024 The Fund administrator was advised to ensure the ceiling is not exceeded. |
| 3 | **Wards Education Bursary Committees**<br>The term of Ward Committee Members had expired in January, 2020 and there was no evidence of their renewal. Further, there were eleven (11) Committee Members as per the payment schedule in Igwamiti Ward, whereas Section 6(2) of the Laikipia County education Bursary Fund Act, 2014 provides for eight (8) Committee Members in each Ward. In addition, some of the Wards Committee Members did not present their ID copies, KCSE certificates and experiences in community development, education, administration or management and leadership as provided by Section 6(3) the | Resolved | The committee members were 8 and other three payees listed below comprised the team offering clerical services e.g. data compilation and typesetting.<br>i. Kevin Maina<br>ii. Kevin Ndonga<br>iii. Mirriam Wangechi<br>The ID copies, KCSE certificates, Letter of local/ area Chief to confirm that these committees' members are residence of the wards were availed to the auditor |

| | | | |
|---|---|---|---|
| | Laikipia County Education Bursary Fund Act, 2014. | | |

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

## CHAPTER SIXTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR LAMU COUNTY BURSARY AND SCHOLARSHIP FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Lamu County, Hon. Issa Timamy, EGH, appeared before the Committee on Monday, 11th March, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Lamu County Bursary and Scholarship Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Amb. Ali Abbas - County Secretary
2. Mr. Mohamed Ali - CECM Finance
3. Mr. Owanga Sebastian - CECM Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Lamu County Bursary and Scholarship Fund for the financial year under review on the following basis-

### 1. Use of Goods and Services

The statement of financial performance and as disclosed in Note 7(A) to the financial statements reflect expenditure on use of goods and services balance of Kshs.6,281,114 which includes an amount of Kshs.3,637,240 paid under domestic travel and subsistence. Included in this amount are payments totaling to Kshs. 1,332,100 paid through three (3) cheques which were not supported with the activities work plan, approvals, budgets and justification to hold meetings to outside the premises of the entity. Further, no monitoring and evaluation reports were provided for verification to confirm that the activities took place and that the objectives were achieved.

In the circumstances, the propriety of the expenditure of Kshs. 1,332,100 paid for domestic travel and subsistence could not be confirmed.

### Management Response

Kindly see the below schedule which tabulates how KES 1,332,100 was used.

| Sno. | Cheque No. | Cheque Amount | Description of activity | Supporting Documents |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1 | 6378 | 647,500 | Validation of students at Colleges and universities from 26th – 31st October 2021 and 1st to 2nd November 2021 | • Approved budget by the CEO/ Secretary<br>• Letter by the Chairman approving the exercise dated 12/10/2021<br>• Signed attendance list and payment schedules.<br>• Report of the validation exercise |
| 2 | 7593 | 390,600 | Meeting to discuss supplementary budget to fund the bursary kit held in Mombasa on 11th to 12th June 2022. | • Approved budget by the CEO/ Secretary<br>• Authorization Letter ref: CGL/CECMF/2022/22 dated 9TH June 2022<br>• Signed attendance list and payment schedules.<br>• Report of the meeting |
| 3 | 7604 | 300,800 | Meeting to review financial reports held at Mpeketoni from 27th to 30th June 2022. | • Approved budget by the CEO/ Secretary<br>• Nomination and Authorization letter dated 14th June 2022.<br>• Signed attendance list and payment schedules.<br>• Report of the exercise |

**Committee Observations**

The Committee observed that whereas the activities work plan, approvals and budgets were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**2. Scholarships and Other Education Benefits**

The statement of receipts and payments reflects a balance of Kshs.253,601,396 in respect of scholarships and other educational benefits and as disclosed under Note 7(B) to the financial statements. However, ledgers and payment analysis provided in support of the disbursements totalled to Kshs.247,542,030 resulting to an unexplained and unsupported variance of Kshs.6,059,366. The basis for the payment of the bursaries and scholarships was also not provided.

Further, included in the scholarships and education benefits expenditure is an amount of Kshs.23,070,000 disbursed to various County Technical Vocational Educational Training Institutions (TVETs) without formal applications contrary to Section 16(1)(2)(3) and (4) of the Lamu County Bursary Act, 2019. In addition, an amount of Kshs.4,290,000 was paid to Lamu Vocational Educational Training Centre in respect of National Industrial Training Authority (NITA) examinations for five (5) institutions which was not supported. However, examination of records revealed that an amount of Kshs. 5,802,000 was paid for five-hundred and eighty-two (582) students who did not have admissions numbers casting doubt on the existence of the students. It was also observed that two hundred and ninety-eight (298) payments amounting to Kshs.2,910,303 contained duplicate admission numbers but sharing the same school. The admissions numbers were also outside the Technical Vocational Educational Training Institutions Admissions mask of Institution/Year of administration/Number.

In the circumstance, the accuracy and propriety of scholarship and other educational benefits expenditure amounting to Kshs.253,601,396 could not be ascertained.

**Management Response**

**Unexplained and unsupported variance of Kshs. 6,059,366.**

The total budget for the Lamu County Bursary and Scholarship Fund in the financial year 2021/2022 was KES. 260,488,431. KES. 176,500,000.00 was the budget allocated for the fund for financial 2021/2022 and KES. 84,086,931.00 was balance brought forward from the previous financial year 2020/2021 which was not utilized due to schools' closure from COVID19. KES. 1,500.00 was interest from the bank

The scholarship and educational benefits awarded during the financial 2021/2022 total to KES. 253,601,396 as per the table below.

| **Description** | **Amount** |
|---|---|
| Normal Bursary | 57,588,853 |
| Scholarship awards | 137,651,248 |
| Marginalized and special cases | 2,436,000 |
| TVETs award | 27,360,000 |
| Colleges and Universities | 30,606,054 |
| Less: Stale/return cheques during the year | (2,040,759) |
| **TOTAL** | **253,601,396** |

Therefore, KES 253,601,396 is the total amount disbursed for scholarship and other educational benefit and not Ksh 247,542,030 as per our records. The criteria for the awarding of bursary is as per the Board minutes dated 5th October 2021.

**Payment of KES 23,070,000 to TVETs without formal applications**

Through the Assistant -Director TVET, the TVET's wrote a formal request to the Chief Officer- Education to get assistance on NITA examination payment for students. The letter was approved and forwarded to the CEO and the Board for approval and process.

The management has put down structures to ensure that all bursaries issued comply with the Lamu County Bursary and Scholarship Act which includes filling of application forms. To strengthen this, management has recruited a compliance officer who will undertake compliance and monitoring of the Fund. (Copy of request letter and students list from Ass. Director TVET to approve payment of the same).

Unsupported payment to Lamu Vocational Training Center in respect to NITA KES 4,290,000 The Board received a requisition letter from the Assistant Director TVET to pay NITA examination fees on behalf of students. The Board also made verification to ensure that the money disbursed was used for the intended purpose. Below is a schedule of payments remitted to NITA for each TVET.

| SNO | NAME OF INSTITUTION | AMOUNT REQUESTED | AMOUNT PAID TO NITA | NITA Receipt No. |
|---|---|---|---|---|
| 1 | Mpeketoni Vocational Training Center | 1,576,000 | 1,576,000 | 299798 |
| 2 | Witu Vocational Training Center | 515,000 | 515,000 | 299799 |
| 3 | Mokowe Vocational Training Center | 158,000 | | |
| 4 | Lamu Vocational Training Center | 1,467,000 | 1,467,000 | 264778 |
| 5 | Kizingitini Vocational Training Center | 574,950 | 371,500 | 264906 |
| | **TOTAL** | **4,291,850** | **3,929,000** | |

The management wrote a letter to Mokowe and Kizingitini Polytechnic to demand refund of monies not paid to NITA.

**Payment of KES 5,802,000 and 2,910,303 to students with no admission numbers and discrepancies in mask admission numbers respectively.**

At the time of audit, the list provided for TVET's students had some missing column (Admission No.). Kindly see amended list which includes name of student, type of course, admission number and amount paid.

**Committee Observations**

The Committee observed that—

i. The management clarified that the variance of Kshs.6,059,366 was due to a balance brought forward from the previous financial year.
ii. The management failed to provide formal applications to support disbursements of Kshs.23,070,000 for audit review.
iii. The management failed to provide supporting documents in relation to disbursements of Kshs.4,290,000 for audit review.

iv. The management failed to support disbursements of Kshs. 5,802,000 with the admission numbers of the beneficiaries. Further, disbursements amounting to Kshs.2,910,303 were awarded to students with duplicate admission numbers.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Ethics and Anti-Corruption Commission (EACC) conducts investigations on the propriety of the amount of Kshs. 253,601,396 disbursed as scholarships and benefits during period under review and provide a status update on the same to the Senate within 60 days from the adoption of this report;**
ii. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
iii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**3. Cash and Cash Equivalents**

The statement of financial position and Note 11 to the financial statements reflects cash and cash equivalents a balance of Kshs.211,901 as at 30 June, 2022. However, verification of bank reconciliation statement for the month of June 2022 reflected payments in cash book not in bank statement totaling to Kshs.20,912,698, out of which cheques with a cumulative value of Kshs. 19,401,668 were in respect of bursary and scholarships with some dating back to January 2022. No reason was provided for failure to issue the cheques for payment.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.211,901 as at 30 June, 2022 could not be confirmed.

**Management Response**

Out of KES 19,401,668 unpresented cheques, KES 17,703,422 were deposited and cleared in FY 2022/2023. KES. 1,698,244 were stated stale cheques and reversed in the

Cashbook during FY 2022/23. (Unpresented Schedule for the month of June 2022, Copy of bank statements highlighted on dates the cheques were cleared totaling to KES 17,703,422 and cashbook extract of stale cheques reversed to totaling to KES 1,698,224).

**Committee Observations**

The Committee observed that—

i. the unpresented cheques amounting to Kshs. 17,703,422 were deposited and the stale cheques amounting to Kshs. 1,698,244 were reversed.
ii. The bank statement was reconciled therefore, the query was addressed.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**4. Irregular Meal and Extra Duty Allowances**

The statement of financial performance reflects use of goods and services balance of Kshs.6,281,114 which includes an expenditure of Kshs. 1,724,050 incurred on hospitality supplies and services. However, examination of payment vouchers and other supporting documents provided for audit review revealed that an amount of Kshs.406,250 was paid in respect of meal allowances and extra working hours to officers who were on their routine duties. Management did not provide a justifiable explanation for the additional payments.

In the circumstances, the propriety/regularity of meal and extra duty allowance of Kshs.406,250 could not be ascertained.

**Management Response**

Due to the voluminous nature of the records and applications that needed to be processed before payment of the bursaries, the few staff at the bursary fund could not meet the set timelines within the normal working hours. The staff of the fund worked strenuously beyond normal working hours and weekends. The board authorized the CEO to pay the County staff meal and extra time allowances.

**Committee Observations**

The Committee observed that whereas the Board's approval for the staff meal and extra time allowances amounting to Kshs.406,250 was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

## CHAPTER SEVENTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MACHAKOS COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Machakos County, Hon. Wavinya Ndeti appeared before the Committee on Tuesday, 14th May 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Machakos County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Dr. Consolata Mutisya -CECM-Education
2. Mrs. Bernince Kioko -Chief Officer- Education
3. Mr. Julius Kasanga -Chief Officer- Finance
4. Mrs. Cynthia Ngui -Deputy Director Accounting Services

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Machakos County Bursary Fund for the period under review on the following basis-

### 1. Discrepancies Between the Trial balance and the Financial Statements

The statement of financial performance reflects general expenses of Kshs. 79,563,909. Included in the amount are bursaries disbursed during the year of Kshs. 79,450,169. However, the expenditure on bursaries as per the trial balance is Kshs. 81,766,776 resulting to an unexplained difference of Kshs. 2,316,607

In the circumstances, the accuracy and completeness of general expenses amount of Kshs. 79,563,909 for the year ended 30 June, 2022 could not be confirmed.

**Management Response**

The amount of Kshs. 2,316,607 represents stale cheques and is captured in the trial balance as highlighted in the appendix attached.

**Committee Observations**

The Committee observed that the variance of Kshs. 2,316,607 was due to stale cheques.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Accounting Officer ensures that the necessary reconciliations are carried out within the financial statements of the subsequent financial year and the Auditor-General to provide a status update on the same during the subsequent audit cycle;**

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

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

### 2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs. 151,665 and as disclosed in Note 10 to the financial statements. The balance comprises of Machakos County Bursary Fund and Machakos County Bursary Operations Accounts balances of Kshs. 151,010 and Kshs. 655 respectively. However, the bank reconciliation statements for the Machakos County Bursary Fund includes unpresented cheques totalling Kshs. 19,269,850 which were not supported by detailed schedules.

In the circumstances, the accuracy and fair statement of the cash and cash equivalents balance of Kshs. 151,665 as at 30 June, 2022 could not be confirmed.

**Management Response**

The management has provided detailed schedule to support the unpresented cheques for the months of July-2021 to May 2022 totalling Kshs. 19,269,850 for audit review.

**Committee Observations**

Whereas the management provided schedules supporting unpresented cheques totalling Kshs. 19,269,850 and were verified by the auditors, the submission was outside the set timelines thus constituting an offence under section 62(2) of the Public Audit Act.

**Committee Recommendations**

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

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

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

### 1. Inadequate Bursaries Disbursed

The statement of financial performance reflects general expenses amount of Kshs. 79,563,909 which includes bursaries expenditure of Kshs. 79,450,169. Review of the list of beneficiaries revealed that bursaries were awarded at a uniform rate to the beneficiaries instead of being based on the applicant's need. Further, review of bursary report dated 8 September, 2022 revealed that the bursary faces a number of challenges which include interference by the Ward Bursary Committee and County Bursary Committee who are stakeholders.

In the circumstances, the objective of the fund and value for money may not have been achieved due to unrealistic award criteria and interference by ward and county committee members.

**Management Response**

The County Government noted the challenges of interference by various stakeholders and has been engaging the County Assembly to have water-tight policies against them. The issue of a flat rate figure will also be addressed with the legislators and bursary

committee members not to alter of interfere with the whole bursary process. Rather, they are encouraged to adhere to bursary regulations and set guidelines. So far, the management has strictly adhered to the needy basis criteria for FY. 2023/2024.

**Committee Observations**

The Committee observed that—

i. Bursaries were awarded on a flat rate instead of basing them on the needs of the applicants.
ii. There is interference of the bursaries' allocation by the Ward Bursary Committee and County Bursary Committee.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member responsible for Education should develop a policy that will guide allocation based on needs assessment and provide a status update on the same to the Senate within sixty (60) days from the adoption of this report.**

## CHAPTER EIGHTEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MAKUENI COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Makueni County, Hon. Mutula Kilonzo JR, CBS, appeared before the Committee on Monday, 22nd April 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Makueni County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mrs. Damaris Kavoi - CECM Finance, Planning, Budget and Revenue
2. Mrs. Elizabeth Muli - CECM
3. Mr. John Nguni - Chief Officer
4. Mrs. Stella Mbevi - Ag. DFAS
5. Mr. Urbanus Ndunda - Fund Administrator -MCEF

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the Financial Statements of the Makueni County Bursary Fund for the period under review on the following basis-

### 1. Unconfirmed Cash and Cash Equivalents Balance

The Statement of Financial Position and Note 11 to the Financial Statements reflect cash and cash equivalent balance of Kshs. 47,330,439. However, the bank reconciliation statement reflects unpresented cheques payable to various institutions amounting to Kshs. 47,330,439. Supporting evidence of the unpresented cheques by way of physical cheques or counter foil of the unpresented cheques were not provided for audit review. Further, the management did not provide satisfactory explanation as to why bursary beneficiaries had not presented cheques for payment. In addition, the cashbook revealed Nil closing balances casting doubt on the authenticity of the reported closing balance.

In the circumstances, the accuracy and validity of cash and cash equivalent balance of Kshs. 47,330,439 as at 30 June, 2022 could not be confirmed.

### Management Response

The year under review, was post covid-19 pandemic. The bursaries processed in the year under review were for 2 financial years i.e. FY 2020/21 & FY 2021/22. Processing of the bursaries was done two-fold beginning with the FY 2020/21 then the process for the year under review began causing most cheques to be unpresented at the end of the year. Management provided a cheque register showing the beneficiaries and issuance

details of cheques and bank statement extracts showing the cheques clearing after the end of the Financial Year.

The physical cheques had been disbursed to the beneficiary schools and were not available for audit review. However, Sample of cheques counterfoils in relation to the unpresented cheques are hereby shown and a list of the unpresented cheques of Kshs 47,330,439 is provided.

The cashbook had a nil balance since all the cheques had already been issued and the amount credited in the cashbook. A bank reconciliation statements showing the unpresented cheques reconciling the Nil cashbook balance and bank balance of Kshs. 47,330,439.

**Committee Observations**

The Committee observed that—

i. The management failed to provide cheques or counter foil of the unpresented cheques to support an amount of Kshs. 47,330,439 in relation to unpresented cheques.
ii. The variance of Kshs. 47,330,439 between the cashbook closing balance and the cash and cash equivalents balance was yet to be reconciled.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle;**
ii. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
iii. **the Auditor-General verifies whether the reconciliation of the amount of Kshs. 47,330,439 was done and provide a status update on the same to the Senate during the subsequent audit cycle.**

**2. Unconfirmed Bursary Award**

The Statement of Financial Performance and as disclosed in Note 7 to the Financial Statements reflects a balance of Kshs. 65,912,572 in respect of use of goods and services.

Included in the amount expenditure on scholarships/bursaries of Kshs. 59,723,772 being expenditure on scholarships/bursaries. However, the ward committee minutes provided for audit review was not supported with detailed list of bursary applicants to establish the criteria of award and vulnerability of those awarded bursaries. Further, it was not possible to confirm receipts of the funds since the beneficiary educational institutions did not acknowledgement receipts of the same.

In the circumstances, the accuracy and validity of the bursary and scholarship expenditure of Kshs. 59,723,772 could not be confirmed.

**Management Response**

The County Government in its advert/announcement for the 2022 scholarships clearly outlined the eligibility and award criteria. Going forward, the ward committee minutes will include a detailed list of the bursary applicants.

**Committee Observations**

The Committee observed that—

i. ward committee minutes provided for audit review did not contain a detailed list of bursary applicants to establish the criteria of award and vulnerability of those awarded bursaries; and
ii. the management failed to provide acknowledgement receipts to support bursary disbursements amounting to Kshs. 59,723,772 for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their**

**investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

### 3. Irregular fund administration Expenses

The Statement of Financial Performance and as disclosed in Note 7 to the Financial Statements reflects use of goods and services amount of Kshs. 65,912,572. Included in the amount is a fund administration expenses of Kshs. 5,656,560. However, the expenditure was not supported by way of payment vouchers, acknowledgement of receipts and payment schedules. Further, the fund administration expenses of Kshs. 5,656,560 or 5% of total budget exceeds the threshold of three (3%) prescribed by section 197(1) (d) of the Public Finance Management (County Government) Regulations, 2015.

In the circumstances, the accuracy and regularity of the Fund administration expenses of Kshs. 5,656,560 could not be confirmed.

**Management Response**

The payment vouchers, payment schedules and other support documents for the fund administration expenses of Kshs. 5,656,560 are hereby provided in Appendix 3a.

The fund administration expenses exceeding the 3% prescribed threshold was noted and a circular from the County Treasury guiding on management of the fund administration expenses within the limits issued.

**Committee Observations**

The Committee observed that—

i. whereas the payment vouchers, acknowledgement of receipts and payment schedules to support fund administration expenses of Kshs. 5,656,560 were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
ii. The Committee observed that the Fund's administration expenses for the financial year under review exceeded the 3% limit of the total budget, as stipulated in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**Other Matter**

**Budgetary Control and Performance**

The Statement of Comparison of Budget and Actual Amounts reflects final expenditure budget and actual on comparable basis of Kshs. 113,244,411 and Kshs. 65,912,572 respectively, resulting to an under-expenditure of Kshs. 47,330,439 or 42% of the budget.

In the circumstances, the under-expenditure affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the residents of Makueni.

**Management Response**

The under performance in the expenditure was due to the unpresented cheques which had already been dispatched to the beneficiary institutions as per the dispatch register.

**Committee Observations**

The Committee observed that the fund failed to absorb Kshs. 47,330,439 or 42% of the budget during the financial year under review.

**Committee Recommendations**

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

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

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

### 1. Lack of Public Participation

The Statement of Financial Performance and note 8 to the Financial Statements reflect general expenses amount of Kshs. 65,912,572. Included in the amount is Kshs. 59,723,772 relating to scholarships/bursaries. However, there was no evidence of public participation as notices Indicating dates of the meetings, venues and minutes of the deliberations were not provided for audit verification. Further, there was no evidence that the list of beneficiaries was forwarded to the respective sub-wards and made available to the public for verification by the residents.

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

**Management Response**

The Makueni County Bursary Fund Regulations 2018 which guides the administration of bursaries went through public participation and approval by the County assembly. The regulations clearly state the procedure for awarding of bursaries.

The list of the awardees is normally pinned in public notices for public verification and feedback.

**Committee Observations**

The Committee observed that the management did not provide evidence of public participation for audit review.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) responsible for matters relating to finance should ensure strict compliance with the provisions of regulation 7 of the Public Finance Management (County Governments) Regulations, 2015 on public participation, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**2. Irregular Appointment and Composition of Ward Bursary Committee**

The Statement of Financial Performance reflects use of goods and services amount of Kshs. 65,912,572. Included in the amount Kshs. 5,656,560, being fund administration expenses. Review of documents provided for audit revealed the following anomalies:

i. Documents showing appointment of ward bursary committee members were not provided for audit review, and as such, it was not possible to confirm whether the County Fund complied with the procedures on appointment of the members.

ii. The County bursary committee members were not gazetted, contrary to paragraph3 of Mwongozo Code of Governance, 2015, which states that every appointment shall be by name and by notice in the Kenya Gazette.

iii. All ward bursary committees consisted of thirteen committee members instead of seven, as stipulated in regulation 11 (2) of the Public Finance Management - Makueni County Bursary Fund Regulations, 2018.

iv. The County also appointed two Sub-Ward Committees per Ward, however, no enabling legislation was provided to support the appointments.

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

**Management Response**

The ward bursary committees were appointed by the County Executive Committee Member of the Department of Education, Sports and ICT.

The ongoing review of the fund legislation as evidenced by a letter appointing two legal officers to assist the department of ICT, Education and internship in revising the Makueni County Bursary Fund Regulations, 2018 to incorporate the Scholarship program, a letter appointing working committee on the legislations which came up with a draft Public Finance Management Makueni Bursary and Scholarships Fund Regulations, 2023 will address the issues of gazettement of the appointed County bursary committee members.

The ward bursary committees consisted of seven members as shown in the appointment letters. The thirteen committee members are for the sub ward. However, the regulations are being amended to incorporate engagement of sub ward committees.

**Committee Observations**

The Committee observed that—

i. ward bursary committees consisted of thirteen committee members instead of seven, as stipulated in regulation 11 (2) of the Public Finance Management - Makueni County Bursary Fund Regulations, 2018.

ii. The management failed to provide documentation showing the appointment of ward bursary committee members for audit review.

iii. County bursary committee members were not gazetted, contrary to paragraph3 of Mwongozo Code of Governance, 2015.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Accounting Officer ensures strict compliance with the Mwongozo Code of Governance, 2015 with regards to gazettement of iii. County bursary committee members; and**

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

**3. Late submission of Financial Statements**

Financial Statements for the year ended 30 June,2022 were submitted to the Office of the Auditor General on 24th November, 2023 more than a year later than statutory deadline of 30th September, 2022. This is contrary to the provisions of section (47) of the Public Audit Act,2015.

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

**Management Response**

Financial Statements for the Financial Year ended 30th June,2022 were submitted timely to the Office Auditor General Machakos Hub on 30 September, 2022 as per the attached stamped copy of the Financial statement extract and re- submitted on 24th November, 2023 as shown in the stamped Financial Statements extract.

**Committee Observations**

The Committee observed that the management submitted evidence of the timely submission of the financial statements.

**Committee Recommendations**

**Noting the clarification by the management, the Committee recommends that the query be marked as resolved.**

### 4. Irregular Payment of Scholarships

The Statement of Financial Performance reflects use of goods and services amount of Kshs. 65,912,572. Included in the amount is fund general expenses of Kshs. 60,207,372 as disclosed in Note 7 to the Financial Statements. The general expenses relate to bursaries and scholarships. Review of the supporting schedules revealed that scholarships expenditure totalled to Kshs. 30,222,756. However, there is no enabling legislation for payment of scholarships in place.

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

**Management Response**

The ongoing review of the fund legislation as evidenced by a letter appointing two legal officers to assist the department of ICT, Education and internship in revising the Makueni County Bursary Fund Regulations, 2018 to incorporate the Scholarship program, a letter appointing working committee on the legislations which came up with a draft Public Finance Management Makueni Bursary and Scholarships Fund Regulations, 2023 will address the legal framework for administration of scholarships.

**Committee Observations**

The Committee observed that the Fund disbursed scholarships amounting to Kshs. 30,222,756 however, there was no enabling legislation for payment of scholarships in place.

**Committee Recommendations**

**The Committee recommends that the Governor ensures that a County-specific Act is enacted to guide the operations of the Fund within 60 days of the adoption of this report.**

## CHAPTER NINETEEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MANDERA COUNTY EDUCATION BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Mandera County, Hon. Mohamed Adan Khalif, EGH, appeared before the Committee on Monday, 21st February, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Mandera County Education Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Ibrahim. M - CECM-Finance
2. Mr. Abdullahi Mohamed - Fund Administrator
3. Mr. Abdirahim Abdow - Fund Accountant
4. Mr. Abdikadir Tache - Chief Officer Financial and Accounting Services

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Mandera County Education Bursary Fund for the financial year under review on the following basis-

### Unacknowledged Bursary Payments

The statement of financial performance and Note 3 to the financial statements reflect general expenses of Kshs.119,029,017 which includes bursary disbursements amounting to Kshs.117,601,814. Review of payment records and other supporting documents revealed that bursaries totalling Kshs.7,064,163 were disbursed to various institutions of higher learning, however the disbursements were not supported with acknowledgement of receipts by the benefitting institutions.

In the circumstances, the accuracy and completeness of bursary disbursements amount of Kshs.7,064,163 could not be confirmed.

### Management Response

The management faced challenges in obtaining acknowledgment receipts from various beneficiary institutions due to the necessity for these institutions to confirm the clearance of issued cheques with their respective banks.

The Mandera County Education Bursary Act restricts administration costs to 3% of the total fund, which is a very limited resource. This limitation hampers the management's

ability to obtain acknowledgment receipts from every benefiting student and institution across the country. Additionally, the fund has a constrained number of staff members.

To streamline the process, the board issues a single cheque for multiple students in one school or higher learning institution, accompanied by a letter for acknowledgment along with a list of students. However, given the geographical distances and the limited resources, the fund cannot afford to send a staff member to deliver each cheque by hand. In such instances, cheques are issued to parents with the expectation that they will present them to the school. Unfortunately, this approach may result in some parents forgetting to send the acknowledgment receipt back to the board on time. Copies of acknowledgement receipts, Mandera County Education Bursary Act 2014, extract of the Acts amendments are available for audit review.

**Committee Observations**

The Committee observed that whereas the acknowledgement receipts in support of bursaries disbursements totalling Kshs.7,064,163 were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**Other Matter**

**1. Unresolved Prior Year Matters**

In the report of the previous year, several issues were raised under the Report of financial statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. No report or recommendations from the Fund Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 149(2)(1) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

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

**Management Response**

The management maintained correspondence with the auditor throughout various stages of audit from the time of engagement, through the entry meeting, and at the levels of management letters and draft reports. The management utilized these channels to address prior-year audit issues as well as issues pertinent to the period under review.

Additionally, the fund's audit reports are periodically discussed by the Mandera County Assembly Education Committee.

Further, the board has implemented stringent internal control measures to enhance compliance with the Public Finance Management Act 2012, the Mandera County Education Bursary Act, and other relevant legislation, thereby ensuring the proper management of limited public resources.

This includes the automation of the bursary application process to facilitate the effective, and equitable allocation of bursaries to deserving students in need.

Copies of evidence of correspondence with the auditor, Mandera County Education Bursary Committee reports, evidence of automation of the bursary system are available for audit review.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Lack of Bursary Board's Minutes and Bursary Report

The Fund Management did not provide bursary disbursement reports detailing the beneficiaries of the Fund and amount received by each beneficiary contrary to Section 18(2)(e) of Mandera County Education Bursary Fund Act, 2014 which states that the administrator of the Fund shall prepare a quarterly report on the receipt into and issues out of the Fund and submit it to the Executive Committee Member for gazettement by the 21st of every four months.

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

**Management Response**

The Mandera County Education Bursary Act of 2014, which mandated the preparation of quarterly reports on the receipts into and issues out of the fund by the Executive Member for gazettement by the 21st of every four months, has been superseded by the amended Mandera County Education Bursary Fund Bill of 2015. This amended bill requires the quarterly financial statement to be submitted to the office of the Controller of Budget.

Copies of the quarterly reports and extract showing amendment of the bill are available for audit review.

**Committee Observations**

The Committee observed that whereas bursary disbursement reports were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

## 2. Turkey Scholarship Program

The statement of financial performance reflects general expenses of Kshs. 119,029,017 which as disclosed in Note 3 to the financial statements includes bursary disbursements amounting to Kshs. 117,601,814. Review of bursary award records revealed that the Fund incurred an expenditure of Kshs.20,985,772 on tuition fees, air tickets, accommodation and upkeep for eleven (11) female students to study in Turkey. However, and as previously reported, the contractual commitment between the beneficiaries of the scholarship and Mandera County Department of Education before consideration for the scholarship as required under Section 23(4) of Mandera County Education Bursary Act, 2014 were not provided. In addition, payment of study fees to the Institution was not supported by fees structure or statement of account as required by Section 23(a) of the Act.

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

## Management Response

The Turkish Scholarship program, initiated in 2019 by the Mandera County Government is intended to address gender disparities in education. Specifically, it sought to provide opportunities for top female students to pursue fields traditionally male-dominated, including Medicine, Engineering, Architecture, and related disciplines, through study opportunities in Turkey.

The County identified 16 girls who excelled in the 2018 Kenya Certificate of Secondary Education, and offered them full scholarships at Uskudar University in Turkey. However, despite this opportunity, logistical challenges hindered the processing of travel documents for 5 of the selected girls, prompting them to forgo the scholarship and pursue their education at alternative institutions.

To facilitate the educational journey of the remaining 11 girls, the County government forged an agreement with Uskudar University. Under this agreement, the County government assumed responsibility for covering tuition fees, accommodation expenses, and other necessary provisions for the students throughout their studies. The program, aptly named the Girl Child Affirmative Action Program, embodies the County government's commitment to enhancing educational opportunities for young women in Mandera County. By supporting the girls in accessing higher education, the program aims to address societal challenges such as early marriages and promote the advancement of girls' education across the region.

The 11 girls are expected to complete their studies by July 2024, after which they are expected to return to Mandera County and contribute to their community. This program underscores the County government's commitment to empowering young women and fostering gender equality in education and professional fields within Mandera County.

The university sends proforma invoices to the County Government on annual basis to assist in the disbursement of fees by the Bursary Board.

Copies of students' result slips, admissions, travel documents, transcripts, fees structure/invoices, and other relevant supporting documents are available for review.

**Committee Observations**

The Committee observed that whereas the contractual commitment between the beneficiaries of the scholarship and Mandera County Department of Education, fees structure and statement of account were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

## CHAPTER TWENTY

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MIGORI COUNTY WARD DEVELOPMENT FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Migori County, Hon. (Dr.) Ochillo Ayacko, EGH, appeared before the Committee on Tuesday, 5th December 2023 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Migori County Ward Development fund (CWDF) for the Financial Year ended 2021/2022. He was accompanied by –

1. Mr. Maurice Otunga - CECM-Finance
2. Mr. Achuora John - Chief Officer Finance.
3. Mr. Erick Jalango - County Attorney
4. Ms. Janet Apiyo - Director internal audit
5. Mr. Erastus Karani - Administrator CWDF

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Migori County Ward Development Fund for the period under review on the following basis –

### Other Matter

### 1.Budgetary Control and Performance

The Statement of Comparison of Budget and Actual Amounts revealed that the Fund had a final budget of Kshs.790,353,200 against actual receipts of Kshs.7,575,125 resulting to a revenue shortfall of Kshs.782,778,075 or 99%. Similarly, review of the expenditure budget revealed that the Fund spent an amount of Kshs.7,610,699 out of the approved expenditure budget of Kshs.23,740,596 indicating an under expenditure of Kshs.16,129,897or 67% of the budget.

### Management Response

The management noted the auditor's observation and wish to state that the budget of Kshs. 790,353,200 relates to Ward bursaries and Community Development projects for the respective wards within Migori County Government. However, the community projects were executed in the main Executive Financial Statement. Similarly, the Fund anticipated to disburse bursaries based on the originally budgeted amount and budgeted for Kshs. 23,710,596 as funds administration expenses.

However, during this period the management was unable to make transfers of bursaries to the Funds Account as required due to unforeseen occurrences (Covid-19 epidemic) and instead reallocations were done towards community projects.

Therefore, the amount of Kshs. 7,610,699 was used on initial Funds administrative expenses and the balance of Kshs. 16,129,897 was equally re-allocated to other activities.

**Committee Observations**

The Committee observed that—

i. the fund had a revenue shortfall of Kshs.782,778,075 or 99% of the budget.
ii. The Fund had an under expenditure of Kshs.16,129,897 or 67% of the budget.

**Committee Recommendations**

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

**2. Underfunding of the Fund**

The statement of financial performance and Note 2 to the financial statements reflects transfers from the County Government - operations of Kshs.7,575,125. Review of records revealed that the County Executive had an annual approved budget allocation of Kshs.10,444,016,812. However, the actual receipts during the year was equivalent to 0.07% of the annual budget of Migori County contrary to Section 4 (2) (a) of the Migori County Wards Development Fund Act, 2014 which requires that not less than ten percent of the annual budget of the Migori County to be transferred to the Fund.

**Management Response**

The management noted the auditor observation and wish to state that the budget of Kshs. 790,353,200 relates to Ward bursaries and Community Development projects for the respective wards within Migori County Government. However, in the financial year 2021/2022 the management did not disburse bursaries due to the Covid-19 protocols and instead the budget was reallocated to ward development community projects. The Executive implemented and reported the community projects in the main Financial Statement. In addition, the County transferred Kshs. 7,575,125 for administration expenses which was mainly towards logistical support at the ward level to facilitate operations of community projects. This expenditure was however incurred prior to the

budgetary reallocations which were not anticipated at the early stages of budget implementation.

**Committee Observations**

The Committee noted that the Fund received an amount of Kshs.7,575,125 from the County Government. This is contrary to Section 4 (2) (a) of the Migori County Wards Development Fund Act, 2014 that requires not less than (10%) ten percent of the annual budget of the County Government be transferred to the Ward Development Fund.

**Committee Recommendations**

**The Committee recommends that—**

i. **Migori County Executive ensures that allocations to the Ward Development Fund not less than (10%) ten percent of the annual budget of the County Government in accordance Section 4(2)(a) of the Migori County Wards Development Fund Act, 2014; and**
ii. **The Auditor-General to keep this matter in view in the subsequent audit cycle.**

### 3.0 Un-balanced Fund Budget

The Statement of Comparison of Budget and Actual Amounts revealed that the Fund had a final revenue budget of Kshs.790,353,200 while the final expenditure budget was Kshs.23,740,596 resulting to budgeted surplus of Kshs.766,612,604 contrary to regulation 31 (c) of the Public Finance Management (County Government) Regulations, 2015 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the budget revenue and expenditure appropriations shall be balanced.

**Management Response**

The management concurs with the auditor's observation and wish to state that the surplus is as a result of failure to indicate an amount of Kshs 766,612,604 meant for community projects in the Statement of Comparison of Budget and Actual Amounts.

This would have resulted in a balanced budget. Going forward, the management shall ensure such errors do not re occur by strengthening the reporting structures.

**Committee Observations**

The Committee observed that the final expenditure budget was Kshs.23,740,596 resulting to budgeted surplus of Kshs.766,612,604 contrary to regulation 31 (c) of the Public Finance Management (County Government) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply;**
ii. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply;**
iii. **the Accounting officer should adhere to regulation 31 (c) of the Public Finance Management (County Government) Regulations, 2015 with regards to preparation of a balanced budget, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
iv. **The Auditor-General to provide a status update on the same in the subsequent audit cycle.**

## CHAPTER TWENTY-ONE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MOMBASA COUNTY ELIMU FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Mombasa County, Hon. Abdullswamad Nassir, appeared before the Committee on Monday 26th February, 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statement for Mombasa County Elimu Fund for the Financial Year 2021/2022. He was accompanied by-

1. Dr. Mwarali Kame - CECM Education
2. Mr. Evans Oanda - CECM -Finance
3. Dr. Roselyn Randu - Chief Officer-Education

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Mombasa County Elimu Fund for the period under review on the following basis—

### Emphasis of Matter

### Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.702,395 (or 100%) of the budget. Similarly, the Fund expended Kshs.560,720, against an approved budget of Kshs.560,720 (or 100%) of the budget.

### Management Response

No issue raised.

### Committee Observations

The Committee observed that the fund did not have a balanced budget during the financial year under review.

### Committee Recommendations

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the**

**provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

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

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

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

### 1. Lack of Regulations for the Fund

Regulations in support of the Mombasa County Education Development Act, 2014 as amended in 2017, have not been developed and submitted to the County Assembly for adoption and approval. This is contrary to Section 24(2) of the Act, which confers the powers to the Executive Committee Member for the time being in charge of Finance to make regulation for purpose of the Fund which is administered under the Department of Education.

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

**Management Response**

The Mombasa County Elimu Scheme Act 2023, is now in place and the requirements of the executive committee member to make regulations for the Fund have been repealed, as the current Act addresses all the matters of administering the Fund.

**Committee Observations**

The Committee observed that the Mombasa County Elimu Scheme Act, 2023, which is now in place, repealed the requirements of the executive committee member to make regulations for the Fund thus the query is addressed.

**Committee Recommendations**

**Noting the mitigation measures taken, the Committee recommends that the query be marked as resolved.**

2. **Lack of Legal Provision on Winding-Up of the Fund**

The Mombasa County Education Development Act, 2014 as amended in 2017 does not provide for the procedures on winding-up of the Fund. This is contrary to Regulation 198 of the Public Finance Management (County Governments) Regulations, 2015 that requires the County Executive Committee Member to provide for the management, operation and winding-up procedure in the guidelines for establishing each Fund to be in accordance with the Act and these Regulations.

In the circumstances, the Fund Management is in breach of the law.

**Management Response**

The Mombasa County Elimu Scheme Act, 2023, has now been amended to include the winding up of the fund.

**Committee Observations**

The Committee observed that the Mombasa County Education Development Act, 2014 did not provide for the procedures on winding-up of the Fund, however, the Mombasa County Elimu Scheme Act, 2023, which is now in place, provides for the procedures for winding up of the fund thus the query is resolved.

**Committee Recommendations**

**Noting the mitigation measures taken, the Committee recommends that the query be marked as resolved.**

3. **Appointment of Fund Administrator in Acting Capacity Beyond the Stipulated Period**

The Fund Administrator has been acting in the position for more than five (5) years since 19 June, 2017, contrary to Paragraph C.14 of the Human Resource Policy Manual of 2017 that allows a person to act for a period not exceeding six (6) months.

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

**Management Response**

The delay in getting a salary structure from the Salaries and Renumeration Committee has caused the delay in the appointment of a substantive Chief Executive Officer

**Committee Observations**

The Committee observed that the Fund Administrator was in acting capacity for more than five (5) years contrary to Paragraph C.14 of the Human Resource Policy Manual of 2017 that allows a person to act for a period not exceeding six (6) months. The

management attributed this to delay in getting a salary structure from the Salaries and Renumeration Committee.

**Committee Recommendations**

**The Committee recommends that—**

i. **within thirty (30) days of the adoption of this report, the Governor ensures that a Fund Administrator is appointed in line with the provisions of Paragraph C.14 of the Human Resource Policy Manual of 2017; and**
ii. **the Auditor-General monitors the matter and provide a status update of the same to the Senate during the subsequent audit cycle.**

4. **Implementation of the Recommendations of Oversight Bodies**

Audit reports for the financial years 2017/2018, 2018/2019, 2019/2020 and 2020/2021 have not been discussed by the County Assembly of Mombasa Public Accounts and Investments Committee. This is contrary to Section 53(1) of the Public Audit Act, 2015 which requires the relevant accounting officer of a state organ or public entity to within three months after Parliament has considered and made recommendations on the audit report to take the relevant steps to implement the recommendations of Parliament on the Report of the Auditor-General or give explanations in writing to Parliament on why the report has not been acted upon.

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

**Management Response**

The County Assembly determines its calendar independently from that of the Executive in conducting its affairs. There is a backlog in submitting responses to the County Assembly. However, only a few years audit report responses are yet to be submitted.

**Committee Observations and Recommendations**

**Although the management may not have been invited by oversight committees or the legislators, the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

5. **Failure to Appoint the Chief Executive Officer (CEO) of the Corporation**

The Board Minutes of Elimu Development Corporation Board indicated that the Board did not have Chief Executive Officer (CEO) who is appointed by the County Executive Committee Member for Finance. Instead, the Fund Administrator was acting as the CEO of the Corporation but the appointment letter to act in that capacity was not provided for audit review. This is contrary to Section 5(1)(b) of the Mombasa County Education Development Act, 2014 that requires the Chief Executive Officer to be appointed by the County Executive Committee Member in charge of finance.

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

**Management Response**

The delay in getting a salary structure from the Salaries and Renumeration Committee has caused the delay in the appointment of a substantive Chief Executive Officer

**Committee Observations**

The Committee observed that the Fund did not have a substantive Chief Executive Officer in place during the financial year under review. The management attributed this to delay in getting a salary structure from the Salaries and Renumeration Committee.

**Committee Recommendations**

**The Committee recommends that the Governor of Mombasa County ensures that a Chief Executive Officer for the fund is appointed in line with the provisions of the Mombasa County Elimu Scheme Act, 2023 within 60 days of the adoption of this report.**

6. **Lack of Board of the Corporation and Board of Trustees**

As previously reported, Mombasa County Governor is yet to appoint Members of the Board of Trustees of Elimu Development Corporation Board. The previous Board Chairman's term ended on 20 March 2019 while other members' tenure ended on 31 March 2022, contrary to Section 25 of the Mombasa County Education Development (Amendment) Act, 2017 which states that 'upon expiry of the term of office for members of the board, the provisions for the appointment of the Board of the Corporation and Board of Trustees, set out in this amendment act, shall be complied with'.

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

**Management Response**

As per the Mombasa County Elimu Scheme Act, 2023; The board was appointed with effect from 22nd February, 2023.

**Committee Observations**

The Committee observed that the Fund operated without a Board of Trustees of Elimu Development Corporation Board in place during the financial year under review, however, the Governor of Mombasa County has since appointed a Board thus the query was addressed.

**Committee Recommendations**

**Noting the mitigation measures taken by the County Government, the Committee recommends that the query be marked as resolved.**

7. **Improperly Convened Board Meetings**

Audit review of records revealed that the Fund Administrator and not the Chairperson of the Board invited members to the three (3) Board meetings held during the year under review. This is contrary to Section 8(1) of the Mombasa County Development Corporation (Amendment) Act, 2017 which provides that, 'After the commencement of this Act, a meeting of a Board shall be held on such date and such time as the Board shall decide or, in the absence of such decision or on any occasion on which the Chairperson in consultation with the Chief Executive shall decide that a meeting is necessary on a date and at a time determined by the Chairperson'.

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

**Management Response**

Since the chairpersons' term had expired and the operations of the fund continued; The secretary, in consultation with other board members convened the three (3) Board meetings. The Chairperson of the Board was later appointed on 16th January 2023 as per the new Mombasa County Elimu Scheme Act 2023.

**Committee Observations**

The Committee observed that three Board Meetings during the financial year under review were convened by the secretary in consultation with other board members, rather than the Chairperson of the Board contrary to Section 8(1) of the Mombasa County Development Corporation (Amendment) Act, 2017. The Chairperson's term had expired at the time; however, a new Chairperson has since been appointed.

**Committee Recommendations**

**Noting the mitigation measures taken, the Committee recommends that the query be marked as resolved.**

## CHAPTER TWENTY-TWO

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MURANG'A COUNTY EDUCATION SCHOLARSHIP FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Murang'a County, Hon. Dr. Irungu Kangata, CBS, appeared before the Committee on Monday, 27th May, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Murang'a County Education Scholarship Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Prof. Kiare Mwaura - CECM-Finance
2. Mrs. Faith Njoroge - CECM-Education
3. Mrs. Catherine Mwaura - Director Education
4. Mr. David Waweru - Deputy Director Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Murang'a County Education Scholarship Fund for the financial year based on the following basis—

**Unsupported Bursary Disbursements**

The statement of financial performance reflects Kshs. 221,586,376 in respect of bursary disbursement and as disclosed in Note 10 to the financial Statements. However, the schedule provided in support of bursary disbursement reflects Kshs.267,618,800 resulting into an unreconciled and unexplained variance of Kshs. 46,031,624. Further, review of the bursary disbursement schedule revealed that Kshs. 266,720,000 was disbursed to four thousand, four hundred and forty-six (4,446) students.

However, the schedule did not contain applications, references of schools and colleges admission numbers, cheques and dates of issuance, the evidence of the criteria used in the selection of the most deserving cases and acknowledgment notes from the receiving institutions.

In addition, review of the schedule revealed that the fund disbursed Kshs. 40,000 for each student, Kshs. 20,000 being term one (July 2021), Kshs. 12,000 being term two (October 2021) and Kshs.8,000 being term 3 (January 2022) instead of the approved Kshs.35,000. This is contrary to Regulations 44 and 45 of the Basic Education Act, 2013 which require that no public school or institution shall issue alternative fees structures other than those approved by the Cabinet Secretary.

Further, no person or Board of Management in a public institution of basic education and training shall alter or increase fees without written authority from the Cabinet Secretary.

**Management Response**

i. The bursary disbursement schedule was revised and has been provided with the correct figure of Kshs 221,568,376.
ii. We have provided samples of application forms, receipts and acknowledgment letters.
iii. The criteria used is as provided in the regulations where deserving cases are identified at the local level with the help of primary school heads, chiefs and assistant chiefs and the clergy.
iv. The financial year 2021/2022 was during the Covid 19 pandemic where there were more than 1 academic year (4 terms) covered during this period hence the disbursement.

**Committee Observations**

The Committee observed that-

i. The variance of Kshs. 46,031,624 was an error which has since been corrected therefor, the matter was addressed.
ii. whereas the applications and acknowledgement letters were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
iii. The management failed to provide schedules containing references of schools and colleges admission numbers, cheque numbers, dates of issuance and the criteria used in the selection of students for audit review.
iv. The management clarified that the disbursement of Kshs.40,000 per student instead of Kshs.35,000 was occasioned by the school year having four terms in that financial year rather than the usual 3 terms due to the Covid-19 pandemic.

**Committee Recommendations**

**The Committee recommends that—**

**i. the Ethics and Anti-Corruption Commission (EACC) conducts investigations on bursary disbursements amounting to Kshs.267,618,800**

**and provide a status update on the same to the Senate within sixty (60) days of the adoption of this report;**

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

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

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

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

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

**Lack of Approved Budget**

The Fund Administrator did not provide for audit review the budget and plan approved by the County Executive Committee contrary to Regulation 4.1 of the Public Finance Management (Murang'a County Education Scholarship Fund) Regulations, 2021 which require that the County Executive Member for finance shall designate or appoint and officer responsible for administration of the fund (2). The designated or appointed officer shall (b) prepare a budget and such plans for better administration of the Fund to be approved by the County Executive Committee.

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

**Management Response**

The Murang'a County Education Scholarship was established on 28th September 2021at which point the County Executive had already passed the Annual Budget and Supplementary budget. However, we included the budget in the Statement of Comparison of Budget and Actual Amounts for the Period Ended 30th JUNE 2022.

**Committee Observations**

The Committee observed that whereas the supplementary estimates II FY 2021/2022 were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

**Lack of an Internal Audit Function**

Review of internal audit functions revealed that there was no internal audit plan and report provided for audit to confirm whether the fund was subjected to internal audit review during the year contrary to section 155(3) of Public Finance Management Act, 2012 which states that the arrangements for the conduct of internal auditing for a County Government entity include- (b) conducting risk- based, value for money and systems audit aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the entity.

**Management Response**

An internal audit was conducted for the year 2021/2022 and their final audit report and audit plan has been availed.

**Committee Observations**

The Committee observed that whereas the internal audit report was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

## CHAPTER TWENTY-THREE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NAKURU COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Nakuru County, Hon. Susan Kihika, EGH. appeared before the Committee on Tuesday, 12th March 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Nakuru County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mr. Stephen Njogu - CECM Finance
2. Mrs. Zipporah Wambui - CECM Education
3. Mr. Wilson Mungai - Director Finance
4. Mrs. Rosemary Kimani - CO Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **adverse opinion** on the Financial Statements of the Nakuru County Bursary Fund for the period under review on the following basis-

### 1.0 Inaccuracies in the Transfers from County Government

The statement of financial performance reflects transfers from the County Government amounting to Kshs. 254,763,209. However, a review of the Bank statement reflects receipts of Kshs. 257,326,352. The resulting variance of Kshs. 2,563,143 has not been explained or reconciled.

In the circumstance, the accuracy of transfers from County Government amounting to Kshs. 254,763,209 for the year ended 30 June, 2022 could not be confirmed.

**Management Response**

Kshs. 559,143 is the amount received for previous financial year due to delays of exchequer release.

Kshs. 4000 is amount resulted from reversal cheque from beneficiary.

Kshs 2,000,000 was a request for fund to support scholarship

**Committee Observations**

The Committee observed that whereas the response by the management adequately answered the query and accounted for the variance of Kshs. 2,563,143, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

### 2.0 Unsupported other Operating Expenses

The statement of financial performance reflects use of goods and services of Kshs. 4,886,577. The amount includes other operating expense amounting to Kshs. 3,860,359 as further referred as Note 7 to but in Note 6 to the financial statements. However, payments voucher in support of the other operating expenses were not provided for audit verification.

Under the circumstance, the accuracy and propriety of other operating expenses of Kshs. 3,860,359 for the year ended 30th June, 2022 could not be confirmed.

**Management Response**

The payment documents of the amount of Kshs. 3,860,359 being operating expenses for the Financial Year 2021/22 are herein attached for verification.

**Committee Observations**

The Committee observed that whereas the payment vouchers were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

### 3.0 Unsupported Scholarship and Other Educational Benefits

Statement of financial performance for the year ended 30 June, 2022 reflects depreciation and amortization expense amounting to Kshs. 255,456,370 which relate to scholarship and other educational benefits further reflected in Note 8 to financial statements. However, the criteria and conditions for awarding the bursaries were not

provided for audit verification. Further, the amount includes multiple bursaries amounting to Kshs. 56,737,404 awarded to six thousand eight hundred and thirteen (6,813) students Section 37 of Nakuru County Bursary Fund bill 2019 that state that no applicant shall be allowed to receive fund from different wards if the parents and guardians reside in different ward. In case the student is granted a bursary resulting in double funding's, the student shall return the amount awarded to the fund.

Under the circumstances, the accuracy and propriety of scholarship and other educational benefits amounting to Kshs. 255,456,370 for the year ended 30 June, 2022 could not be confirmed.

**Management Response**

Management attached the approved bursary fund criteria.

**Committee Observations**

The Committee observed that—

i. whereas the criteria and conditions for awarding the bursaries were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
ii. multiple bursaries amounting to Kshs. 56,737,404 were awarded to 6,813 students which was against the regulations put on the Nakuru Bursary Fund Act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the CECM Finance ensures that the bursary fund has a centralised system where all beneficiaries are harmonized to control multiple bursary allocation. The Auditor-General to follow up on the implementation of this recommendation and provide a status update in the subsequent audit cycle; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**1.0 Unsupported Cash and Cash Equivalents**

As disclosed in Note 11 to the financial statements, the statement of financial position reflects balance of Kshs. 7,833,151 in respect to cash and cash equivalents. However, review of the cash book, bank statements and bank reconciliation statements revealed that payments in bank statements not in cash book balance of Kshs. 9,570,303 were not supported by details including schedules of payees, cheque numbers and dates of payment. Similarly, receipt in bank statement not in cashbook balance of Kshs. 559,143 was not supported by schedules indicating source of funds.

Further, review of the cash book revealed that cheques totaling to Kshs. 11,828,156 in respect to bursaries were cancelled and reversed back to the cashbook. However, the cancelled and reversed cheques were not supported by details including the beneficiaries' names, admission numbers, learning institution, amount awarded, reason for cancellation, the replaced cheque numbers and County Bursary Committee minutes authorizing the replacement of the cheques.

In the circumstances, the accuracy, validity and completeness of the cash and cash equivalents of Kshs. 7,833,151 could not be confirmed.

**Management Response**

Cheques amounting to Kshs. 7,833,151 were cancelled and reversed due to various reasons as listed in the register.

Kshs 559,143 is the previous year balanced paid on closure of financial year as per attached RTGS.

**Committee Observations**

The Committee observed that;

i. Management attached reasons for the cancellation cheques amounting to Kshs. 7,833,151.
ii. Kshs 559,143 was the balance brought forward from the previous financial year and documents were provided to reflect the same.

**Committee Recommendations**

**The Committee recommends that—**

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

iv. **the Auditor-General to verify the reason for cancellation of the cheques amounting to Kshs. 7,833,151 and provide a status update in the subsequent audit cycle.**

**5.0 Irregular Payments to Savings and Credit Cooperative Societies and Private Companies.**

As disclosed in Note 8 to the financial statements reflects scholarship and other education benefits of an amount of Kshs. 254,763,206 which includes an amount of Kshs. 4,013,000 in respect to payments to saving and credit cooperatives societies and private. However, these payments were not related to bursaries and not supported with documents including County Bursary Committee authorizing the payments and receipt acknowledgement letters.

In the circumstances, the propriety of the payments of an amount of Kshs. 4,013,000 in respect to payments to savings and credit cooperatives societies and private companies could not be confirmed.

**Management Response**

The payment amounting to Kshs. 4,013,000 were not paid to SACCOs and Co-operative Credit Societies by the Fund Management, but to institutions as per bursary awards. However, in consultation with the bank, most of the institution hold their bank accounts in saccos and co-operative societies which does not directly participate in clearing cycle as per Bank Correspondence and cheque images as per attached school acknowledgement.

**Committee Observations**

The Committee observed that—

i. the amount of Kshs. 4,013,000 were bursary awards for institutions who bank in SACCOS and Co-operative societies.
ii. whereas the bank correspondences and school acknowledgement were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**OTHER MATTER**

1. **Budgetary Control and Performance**

The statement comparison of budget and actual amounts reflects final expenditure reflects final budget expenditure and actual on comparable basis of Kshs. 268,176,098 and Kshs. 260,342,947 resulting to under absorption of Kshs. 7,833,151 or 3% of the budget.

The under-absorption of the available funds affected the planned activities and may have impacted negatively on service delivery to the public.

**Management Response**

There was a delay in release of exchequer resulting in under absorption as per attached RTGS

**Committee Observations**

The Committee observed that the fund had an expenditure budget of Kshs. 268,176,098 and expended Kshs. 260,342,947 resulting to under absorption of Kshs. 7,833,151 due to late exchequer release.

**Committee Recommendations**

**The Committee recommends that—**

i. **the County Executive Committee Member (CECM) responsible for Finance should ensure timely release of funds to prevent delays in disbursement of bursary funds to the needy students;**
ii. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
iii. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

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

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

1. **Non-Compliance with the Public Sector Accounting Standards Board Requirements**

The fund submitted the financial statements for audit during the year under review. However, the financial statements reflect the Attorney General as the Fund's principal legal adviser instead of the County Attorney contrary to Article 156(4) of the constitution of Kenya. The preamble information on the statement of management responsibilities did not quote the applicable legislation establishing the county fund. Further, included under significance accounting policies to the financial statements in respect to budget information reflects additional appropriation which is at variance with the amounts reflected at the statement of comparison of budget and actual amounts. In addition, the approval date of the financial statement presented was not included as required by the prescribed reporting template. In the circumstances, the Council did not comply with the Public Sector Accounting Standards Board (PSASB) guidelines.

**Management Response**

The errors in the financial statements has since been amended as per attached Financial Statements.

**Committee Observations**

The Committee observed that the financial statements for the year under review were not prepared in accordance to the regulations set by the Public Sector Accounting Standards Board format.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which**

**the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

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

vi. **the County Executive Committee Member responsible for finance should ensure compliance with section 105(1)(d) and (g) of the Public Finance Management Act, Cap. 412A with respect to enforcement of compliance by county entities with all applicable norms or standards regarding accounting practices as prescribed by the Accounting Standards Board.**

## 2. Lack of an Approved Budget

During the audit, Management did not provide an approved budget for the year under review, as required by Regulation 14(4) of the Public Finance Management (Nakuru County Bursary Fund) Regulations, 2015, which provides that the annual estimates shall be approved by the Committee before the commencement of the financial year to which they relate and shall be submitted to the Executive Committee Member for tabling in the County Assembly for its approval. In the circumstances, Management was in breach of the law.

**Management Response**

**No response provided.**

**Committee Observations**

The Committee observed that—

i. there was no response provided by the management.
ii. The fund failed to prepare annual estimates for the financial year under review as contrary to section 149(2)(h) of the Public Finance Management Act, Cap.412A.

**Committee Recommendations**

**The Committee recommends that—**

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

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

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

### 1. Lack of Risk Management Policy and Strategy

The Corporation Management had not put in place Risk Management Policy, Strategies, and Risk Register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Government) Regulations, 2015

which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

Management was in breach of the law.

**Management Response**

Plans are underway through the county government of Nakuru that there be a policy on risk management and fraud policy which shall play part in follow-ups on both fraud and risk management of the bursary fund. It should be noted that the county government is coming up a risk management policy whereby the policy will be cascaded to all county funds including Bursary funds.

**Committee Observations**

The Committee observed that the county government has plans to come up with a risk management policy that will be cascaded to all the county funds, including the bursary fund.

**Committee Recommendations**

**The Committee recommends that the CECM Finance ensures that the Fund Committee puts in place all internal control systems such as Risk Management Policy as provided under regulation 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds. Further, the CECM Finance to submit evidence of the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

## CHAPTER TWENTY-FOUR

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NANDI COUNTY EDUCATION FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Nandi County, Hon. Stephen Kipyego Sang, EGH, appeared before the Committee on Thursday, 7th December, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Nandi County Education Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Hillary Serem - CECM-Finance and Economic Planning
2. Mrs. Scolastica Tomei - CECM-Education
3. Mr. Joseph Cheruiyot - Chief Officer-Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Nandi County Education Fund for the financial year based on the following basis-

### 1.0 Unconfirmed Cash and Cash Equivalent

The statement of financial position reflects cash and cash equivalent balance of Ksh. 4,043,425 as disclosed in Note 11 to the Financial Statement. Examination of the cash book revealed a balance of Ksh. 4,121,195 resulting in an unexplained variance of Ksh. 77,770. Further, monthly bank reconciliation statement for the month of July, August, October, November, 2021 and January, February, April and May 2022 were not prepared and submitted to the county treasury with a copy to Auditor General as required by regulation 90 of the public finance management (County Government) regulation, 2015.

In addition, examination of cash book reconciliation statement for the month of June, 2022 revealed unpresented cheques amounting Ksh. 1,255,494 whose listing was not provided and therefore their date of subsequent clearance could not be confirmed.

In this circumstance, the accuracy, existence and completeness of cash and cash equivalent balance of Ksh. 4,043,425 could not be confirmed.

### Management Response

### Cash and Cash equivalent balance

The Cash and cash equivalent balance is Ksh 4,043,425 and the cash book balance is kshs 4,043,425. The erroneous reported cash book balance of Kshs 4,121,195 is not the correct position. Attached is the copy of Cash book balance.

**Monthly Bank reconciliations**

The monthly bank reconciliation statements were fully prepared and copies submitted during the audit process together with other documents. Attached, are copies of bank reconciliation statements.

**Unpresented Cheques listing**

The unpresented cheques as 30th June, 2022 is Kshs 1,255,494. The list of all the unpresented cheques and their dates of clearance is provided, hereby attached.

**Committee Observations**

The Committee observed that—

i. The variance of Ksh. 77,770 was due to an error within the cashbook which has since been corrected.
ii. The management failed to submit monthly bank reconciliation statements and a list of unpresented cheques amounting to Ksh. 1,255,494 for audit review during the audit period.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer ensures that supporting documents are availed to the Auditor during audit as required under section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**2.0 Budget Control and Performance**

The statement of comparison of budget and actual amounts reflected final receipts and actual on comparable basis of Kshs 116,000,000 and Kshs 107,000,000 respectively resulting in 9% realization of receipts. Similarly, the fund spent ksh. 105, 903,710 against a budget of ksh. 107,000,000 resulting to under absorption of Ksh. 10,096, 290 (or 9%) of the budget. However, the approved budget was not provided for audit.

In the circumstance, the accuracy and completeness of the final budget of ksh. 105,903,710 could not be confirmed.

**Management Response**

The copy of budget approval minutes is hereby attached.

**Committee Observations**

The Committee observed that—

i. The fund had an under-funding of Kshs.6,000,000 or 20% of its budget during the financial year under review.
ii. The fund failed to absorb Kshs.10,096, 290 or 9% of its budget during the financial year under review.

**Committee Recommendations**

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

**3.0Disbursement and Non-Acknowledgement of Bursary**

The statement of financial performance reflects general expenses – bursaries disbursement amounting Ksh. 102,355,549 as disclosed in note 8 to the financial statement. However, the amount was not supported by acknowledgment letters and receipt from benefiting students and institution. In the circumstance, the accuracy and completeness of the final budget of Ksh. 105, 903, 710 could not be confirmed.

**Management response**

The comprehensive supporting document for bursary disbursement is the schedule of beneficiaries which indicates the name, the institution of study, the cheque number and the amount awarded.

Acknowledgement letters and receipts are normally issued by the institution to the parents following the delivery of the cheques to the institutions. We admit that it has been difficult to obtain full returns from the parents. Subsequently, as a government we resorted to delivery of the cheques to the institutions by ourselves which gave us all the returns.

**Committee Observations**

The Committee observed that the management failed to provide acknowledgement letters to support bursary disbursements totalling to Ksh. 102,355,549 for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) conducts investigations on the unsupported bursary disbursements amounting to Ksh. 102,355,549 and provide a status update of the same to the Senate within sixty (60) days of the adoption of this report; and**

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

## CHAPTER TWENTY-FIVE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NAROK COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Narok County, Hon. Patrick Keturet Ole Ntutu, appeared before the Committee on Monday, 11th March, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Narok County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. David Montent - CECM Finance
2. Mr. Daniel Meshuko - CEO Bursary
3. Mr. Mayiani Ole Taya - County Secretary

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Narok County Bursary Fund for the financial year under review on the following basis-

### 1. Transfers from County Government

The statement of financial performance reflects transfers from the County Government of Kshs.195,000,000 as disclosed in Note 1 to the financial statements. However, the supporting schedule and bank statement showing the amounts deposited were not provided for audit.

In the circumstances, the accuracy and occurrence of the transfers from County Government of Kshs.195,000,000 could not be confirmed.

### Management Response

We have availed the supportive schedule as appendix I in the Financial statement and copies of bank statement showing the bursary treasury transfers amounting to Kshs.195,000,000 for your consideration.

### Committee Observations

The Committee observed that whereas the bank statements were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

### Committee Recommendations

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

## 2. Irregular Expenditure on Staff Lunches

The statement of financial performance also reflects use of goods and services expenditure of Kshs.7,154,033 as disclosed in Note 2 to the financial statements. Included in the amount is hospitality and supplies expenditure of Kshs.1,523,300, out of which Kshs.1,057,300 was spent on staff lunches without the requisite approvals of the Fund and policy document to guide the payments.

In the circumstances, the accuracy, and propriety of expenditure of staff lunches amounting to Kshs.1,057,300 for the year ended 30 June, 2022 could not be confirmed.

### Management Response

The bursary management staff get involved in helping process bursary forms, vouchers and dispatch schedules to the bank. The task gets too much due to pressure to meet deadlines for fees payments and avoid having students being sent home for fees. Some students are sent home from school and camp at our offices to get bursary support. This makes our staff to work beyond normal working hours. The Bursary Management Board held a sitting and deliberated on this agenda and agreed on facilitation for staff lunches during such times to motivate them and allow for uninterrupted service delivery during that time. Meal allowances were drawn from administrative expenses.

### Committee Observations

The Committee observed that the management failed to submit the necessary approvals in support of staff lunches amounting to Kshs.1,057,300 paid to members of staff for processing bursaries.

### Committee Recommendations

**The Committee recommends that—**

i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions**

**of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

### 3. Doubtful Bursary Awards

The statement of financial performance reflects bursary awards of Kshs.202,998,414 which differed with the supporting schedule amount of Kshs.187,000,000 resulting to unreconciled variance of Kshs.15,998,414. Further, the schedules did not indicate the admission numbers of the beneficiaries.

In the circumstances, the accuracy and propriety of bursary awards amount of Kshs.202,998,414 could not be confirmed.

**Management Response**

The schedule that was submitted during the audit was a draft which was still under construction. This was because preparation of financial statements was underway and the process was only completed when the audit was about to be completed.

We submitted the amended schedules for audit review, because the auditor had mistakenly considered the erroneous supporting schedule that was availed during the audit period

**Committee Observations**

The Committee observed that whereas complete schedule to support the bursary awards amount of Kshs.202,998,414 was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**4. Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.87,670 as disclosed in Note 10 to the financial statements. However, the bank reconciliation statement reflects a balance of Kshs.1,537,300, resulting to unexplained variance of Kshs.1,449,630. In addition, the bank reconciliation statement reflects payments in bank statement but not yet recorded in cashbook of Kshs.1,449,630, being accumulated bank charges which ought to have been expensed during the year under review. Further, one of the bank accounts maintained in a commercial bank was omitted from these financial statements.

In the circumstances, the accuracy and fair statement of the cash and cash equivalents balance of Kshs.87,670 as at 30 June, 2022 could not be confirmed.

**Management Response**

The accumulated bank charges amounted to Kshs. 1,449,630. We have amended the cashbook for the year under review and expensed the whole amount.

**Committee Observations**

The Committee observed that the management submitted a revised cashbook, which accounted for the full amount of Kshs. 1,537,300 as shown in the bank statements. This resolved the previously noted variance of Kshs. 1,449,630.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**Other Matter**

**1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparative basis of Kshs.240,000,000 against actual income of Kshs.195,000,000 resulting to an under-funding of Kshs.45,000,000 or 19% of the budget. Similarly, the Fund spent Kshs.210,152,447 against approved budget of Kshs.195,000,000, resulting to an over expenditure of Kshs.15,152,447.

In the circumstances, the budget under funding is an indication that Fund objective of providing financial aid to needy students was negatively affected during the year under review. In addition, the Fund Management contravened the law by not seeking approval for the over expenditure of Kshs.15,152,447.

**Management Response**

There was no response provided.

**Committee Observations**

The Committee observed that—

i. The fund had an underfunding of Kshs.45,000,000 or 19% of the budget during the financial year under review.
ii. The fund had an over-expenditure of Kshs.15,152,447 during the financial year under review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**
ii. **The County Executive Committee Member in charge of Finance to ensure that a supplementary budget is prepared to address unforeseen expenses or revenue shortfalls.**

**2. Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided progress in resolving the prior year audit issues. This is contrary to the requirements of the Public Sector Accounting Standards Board reporting guidelines.

In the circumstances, Management has not complied with the reporting template.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

**1. Fund Expenses in Excess of Set Limits**

The Statement of financial performance reflects use of goods and services expenses of Kshs.7,154,033 which translates to 3.7% of the total fund allocation of Kshs.195,000,000. This amount exceeds the expenditure limit of 3% set out in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulation, 2015.

Consequently, Management was in breach of the law.

**Management Response**

It is true the Fund's use of goods and services was regrettably above the 3% set regulation by 0.7%. This was attributed to factors like;

i. The bank charges went slightly higher especially with the transition of then transnational bank to now Access bank which brought about some collateral damages.
ii. Commodities/ Office stationeries prices were hiked along the way being unavoidable cost on our side.
iii. The cost of fuel also went up increasing the vote spending during the year under review, amongst others.

The Fund management has however taken measures to regulate the same from recurrence.

**Committee Observations**

The Committee observed that the Fund's expenses for the financial year under review exceeded the 3% limit of the total budget, as stipulated in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**2. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs 240,000,000, while actual budgeted expenditure is Kshs.195,000,000, resulting to an unexplained unbalanced budget of Kshs.45,000,000. This is contrary to Regulation 31(c) of Public Finance Management (County Governments) Regulations, 2015 which states that the budget revenue and expenditure appropriations shall be balanced and 31(d) of the same Regulations which states that total budget revenue shall cover total budget expenditure.

The Management was therefore in contravention of the law.

**Management Response**

The County Treasury managed to disburse Kshs. 195,000,000 against a budgetary allocation of Kshs. 240,000,000. The budget difference of Kshs. 45,000,000 was not disbursed to us owing to challenges in achieving the revenue targets by County executive occasioned by Covid-19 pandemic that affected revenue collection.

**Committee Observations**

The Committee observed that the management of the Fund failed to prepare a balanced budget for the Fund during the financial year under review, contrary to regulation 31(c) of Public Finance Management (County Governments) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

ii. **the Accounting Officer ensures strict compliance with the provisions of regulation 31(c) of Public Finance Management (County Governments) Regulations, 2015 with regards to preparation of a balanced budget, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

**Lack of a Bursary Award Policy**

The statement of financial performance reflects bursary awards of Kshs.202,998,414. However, the County guidelines on the minimum bursary awards based on learning institutions were not developed during the year under review.

In the circumstances, it was not possible to confirm whether internal controls relating to bursary awards were effective and working as intended.

**Management Response**

We acknowledge that our regulations do specify only the type of schools to benefit from the fund as follows.

a) National schools
b) County schools
c) District /Sub county schools
d) Day schools
e) Special secondary schools
f) Special pre-primary and primary school
g) Universities
h) Colleges
i) Youth Polytechnics.

During the period under review, the primary and secondary schools were awarded a minimum of Kshs. 5,000 to 25,000 per term. Universities and Colleges were awarded a minimum of Kshs. 5,000 to 50,000 per term.

Narok County Bursary Financial guidelines were developed and adopted but still awaiting approval by the County Assembly. The same shall be fast tracked to ensure compliance.

**Committee Observations**

The Committee observed that the Fund did not have a Bursary Award Policy in place during the financial year under review. However, Narok County Bursary Financial Guidelines have since been developed although, are yet to be approved by the County Assembly.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Governor of Narok County to engage the County Assembly to ensure that the approval process is expedited within 60 days from the adoption of this report; and**
ii. **the CECM Finance ensures that the fund puts in place all internal control systems such as a Risk Management Policy as provided under section 158 (1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of the Fund. Further,**

**the CECM Finance to submit evidence of the same to the Auditor-General for verification; and the Auditor-General to provide a status update on the same to the Senate during the subsequent audit cycle.**

## CHAPTER TWENTY-SIX

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NYAMIRA COUNTY EDUCATION BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Nyamira County, Hon. Amos Nyaribo, appeared before the Committee on Thursday, 4th April 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Nyamira County Education Bursary fund for the Financial Year ended 2021/2022. He was accompanied by –

1. CPA Emilly Onganga - CECM Education
2. Mr. Robert Kombo - Chief of Staff
3. Mr. Erastus Orina - County Attorney
4. Mrs. Purity Nyamboga - Head of Accounting Services

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of Nyamira County Education Bursary Fund for the period under review on the following basis –

### 1. Unexplained Variance in Use of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.3,704,069, whereas the supporting schedules and payment vouchers provided for audit reflects a corresponding amount of Kshs.3,887,959, resulting to an unreconciled variance of Kshs. 183,890.

ln the circumstance, the accuracy and completeness of the reported use of goods and services amount of Kshs.3,704,069 could not be confirmed.

### Management Response

Management stated that the statement of financial performance reflects uses of goods and services amount of Kshs 3,704,069 whereas the supporting schedules and payment vouchers provided for audit reflects a corresponding amount Kshs 3,887,959 resulting unreconciled variance of Kshs 183,390 which was erroneously given to auditors as a fund expense whereas it was expense from the main budget.

**Committee Observations**

The Committee observed that there was an unreconciled variance of Kshs 183,890 in the statement of use of service which reflected 3,704,069 whereas the supporting schedules and payment vouchers reflected an amount of Kshs 3,887,959.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Unsupported Transfers to Schools**

The statement of financial performance reflects transfers to schools an amount of Kshs.110,863,345, whereas payment vouchers provided for audit reflects bursaries totaling to Kshs.107 ,762,178, resulting in an unreconciled variance of Kshs.3, 101,167.

In the circumstance, the accuracy and completeness of the reported transfers to schools amounting to Kshs.3,101,167 for the year ended 30 June, 2022 could not be confirmed.

**Management Response**

The Management stated that there was unreconciled variance of Kshs 3,101,167 in the statement of financial position. However, management has provided the payment vouchers and the disbursement schedule for the schools.

**Committee Observations**

The Committee observed that there was a variance of Kshs.3, 101,167 in the statement of financial performance and payment vouchers which reflected amounts of Kshs.110,863,345 and Kshs.107,762,178 respectively.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

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

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

### Irregular Appointment of fund administrator

Review of the financial statements revealed that the substantive Fund Administrator was not the Chief Officer responsible for matters relating to Education as provided under Regulation 14(1) of the Nyamira County Education Bursary Regulations, 2017.

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

### Management Response

Management stated that the fund administrator was not the chief officer as provided for under regulation14(1) of the Nyamira county education bursary regulations 2017. However, the management has since amended its regulations and appointment has been done to be in line with sections 116 of the PFM Act.

### Committee Observations

The Committee observed that the substantive Fund Administrator was not the Chief Officer responsible for matters relating to Education as provided under Regulation 14(1) of the Nyamira County Education Bursary Regulations, 2017.

### Committee Recommendations

**The Committee recommends that—**

i. **the Fund strictly adheres to Regulation 14(1) of the Nyamira County Education Bursary Regulations, 2017 with regards to appointment of Chief Officer responsible for matters relating to Education as the Fund Administrator;**

ii. **The Auditor General to keep this matter in view in the subsequent audit cycle.**

## CHAPTER TWENTY-SEVEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NYANDARUA COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Nyandarua County, Hon. (Dr.) Moses Kiarie Badilisha, appeared before the Committee on Thursday, 2nd May 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Nyandarua County Bursary fund for the Financial Year ended 2021/2022. He was accompanied by –

1. Mr. Frank Muchina - County Secretary
2. Mrs. Mary Kamande - CECM-Finance and ICT
3. Mr. Joseph Wahome - Ag. Chief Officer Finance
4. Mr. Fredrick Irungu - Head of Financial Reporting Unit
5. Dr. Pachomius Wamburu -Chief Officer Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **Unqualified Opinion** on the financial statements of Nyandarua County Bursary Fund for the period under review on the following basis –

### Other Matter

### 1. Unresolved Prior Year Matters

The progress on follow up of auditor recommendations section of the financial statements reflects that some of the issues raised in the previous year's audit report remained unresolved as at 30 June, 2022. No satisfactory explanations were provided for not resolving the issues.

### Management Response

The management has endeavoured to respond to the queries as raised from the Audited reports of the financial statements. However, these are still subject to clearance by the Nyandarua County assembly and the Senate.

### Committee Observations

The Committee observed that the fund had unresolved prior year matters.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

**2. Budgetary Control and Performance**

During the year under review, the Nyandarua County Bursary Fund had a total expenditure budget of Kshs.177,300,000 against actual expenditure of Kshs.153,750,484 resulting to 87% performance or under performance of expenditure of Kshs.23,549,517 or 13% as analyzed in the statement of comparison of budget and actual amounts.

ln the circumstances, the under performance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

**Management Response**

The underperformance was as a result of funds set aside for the most needy and vulnerable students who missed on the ward bursary allocation or the allocation in the ward was not sufficient to keep them in school.

**Committee Observations**

The Committee noted that the Fund had an under performance of expenditure of Kshs.23,549,517 or 13% of the budget.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should ensure strict compliance with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standard Board under IPSAS 24 on the presentation of budget information in the financial statements for an entity that prepares their financial statements under the accrual basis of accounting, failure to which the**

**provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

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

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

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

### Lack of Internal Audit Function

There was no evidence of internal audit function at the Fund during the year under audit contrary to section 155(3) (b) of the Public Finance Management Act, 2012 which states that the arrangements for the conduct of internal auditing for a County Government entity include conducting risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the entity.

In the circumstances, the efficiency and effectiveness of the internal control mechanisms and risk management for the Fund during the year under review could not be confirmed.

### Management Response

No response was given

### Committee Observations

The Committee noted that the Fund did not have an internal audit function in place.

### Committee Recommendations

**The Committee recommends that the County Executive Committee Member (CECM) Finance ensures that the Fund Committee puts in place an internal audit function as provided under regulation 155(5) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds within 90 days of the adoption of this report. Further, the County Executive Committee Member (CECM) Finance to submit evidence of**

**the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

## CHAPTER TWENTY-EIGHT

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR NYERI COUNTY ELIMU FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Nyeri County, Hon. Edward Mutahi Kahiga, appeared before the Committee on Thursday, 23th May, 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Nyeri County Elimu fund for the Financial Year ended 2021/2022. He was accompanied by –

1. Mr. Robert Mwangi - CECM-Finance
2. Mrs. Margaret Macharia - CECM-Education Training and Devolution
3. Mrs. Kendi Tarichia - CECM-Trade, Tourism Culture and Cooperatives
4. Mr. Kimani Rucuiya - County Attorney

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of Nyeri County Elimu Fund for the financial year 2021/2022 on the following basis –

### Unconfirmed Bursaries

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects Kshs.176,018,675 in respect of bursaries issued. However, acknowledgement letters from beneficiary institutions provided for audit did not indicate the names and admission numbers of the beneficiary students. Further, bursaries payments totalling to Kshs.714,000 was not supported with acknowledgement letters from beneficiary institutions.

ln the circumstances, the accuracy of bursaries issued amounting to Kshs.176,018,675

for the year under review could not be confirmed.

### Management Response

The board and Fund Administrator has noted the anomalies with a lot of concern and has resolved that in the future the beneficiaries cheques will be delivered by the management and not the parents/guardians so that we can be able to solve the problem.

### Committee Observations

The Committee observed that-

i. acknowledgement letters from beneficiary institutions provided for audit did not indicate the names and admission numbers of the beneficiary students;
ii. bursaries payments totalling to Kshs.714,000 was not supported with acknowledgement letters from beneficiary institutions. However, the

supporting documents were later submitted and thereafter verified by the Auditor-General.

**Committee Recommendations**

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

**Other Matter**

**Unresolved Prior Year issues**

ln the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of lnternal Controls, Risk Management and Governance. However, Management has not resolved the issues or given satisfactory explanations for failure to adhere to the provisions of the Public Sector Accounting Standards Board's templates and The National Treasury Circular Ref. AG.4/16/3 Vol. 11(66) dated 6 July, 2022.

ln the circumstances, the issues remained unresolved.

**Management Response**

No response was given

**Committee Observations**

The Committee observed that the fund had unresolved prior year matters.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Administrative Costs Beyond Allowable Limit

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects administrative expenses Kshs.8,424,073. However, Management did not observe the set budget limit stipulated in Nyeri County Elimu Fund Act,2015 which requires the expected expenditure of the Fund to be 3% translating to an amount of Kshs.6,060,000 of the budget. The incurred administrative costs exceeded allowable limit by an amount of Kshs.2,364,073 or 39%.

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

**Management Response**

Due to economic hardship being experienced in the country the board and management thought it was wise to disburse cheques to all 30 wards so as to reach to the needy people who cannot afford the fare to Sub-county or County headquarters to collect the cheques.

**Committee Observations**

The Committee observed that the administrative expenses of Kshs 8,424,073 which did not observe the set budget limit stipulated in Nyeri County Elimu Fund Act,2015.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

### 2. Late Submission of Financial Statements

The Management submitted the financial statements for the year ended 30 June, 2022 for audit to the Auditor-General on 7 October,2022, seven (7) days after the statutory deadline of 30 September,2022. This is contrary to Section 116(7) of the Public Finance Management Act, 2012 which states that, the Administrator of a County Public Fund

shall prepare accounts for the fund for each financial year and not later than three months after the end of each financial year, submit financial statements relating to those accounts to the Auditor-General.

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

**Management Response**

The non-compliance was noted and regretted and won't be repeated in future.

**Committee Observations**

The Committee noted that the fund submitted the financial statements for the year ended 30 June, 2022 for audit to the Auditor-General on 7 October,2022, seven (7) days after the statutory deadline of 30 September,2022.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting officer should submit financial statements to the Auditor-General within three months after the end of the fiscal year as required by section 47(1) Public Audit Act, 2015, failure to which the provisions of section 62 of the Public Audit Act on penalties for offences shall apply.**

## CHAPTER TWENTY-NINE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SAMBURU COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Samburu County, Hon. Johnathan Lati Lelelit appeared before the Committee on Tuesday, 16th July to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Samburu County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Ms. Silvana Kaparo - CECM-Finance
2. Mr. Mark Egialan - CECM-Education
3. Mr. Leitore Benjamin - Bursary Administrator
4. Mr. Letirok Solomon - Chief Officer Finance

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of Samburu County Bursary Fund for the period under review on the following basis—

### 1.0 Unsupported Transfer to Samburu University Students Association

The statement of receipts and payments and as disclosed in Note 8 to the financial statements reflects an amount of KES 107,466,279 in respect to bursary disbursement which further includes KES 2,000,000 disbursed to Samburu University Students Association (SUSA). However, no documentary evidence including a written proposal of the intended activities at SUSA, approval minutes from the Bursary administration committee and an official acknowledgement from SUSA to confirm receipt of funds were provided for audit review.

In the Circumstances, the accuracy and validity of the disbursement of KES 2,000,000 could not be confirmed.

### Management Response

The Fund's management has provided documentary evidence of Kshs. 2,000,000 disbursed to SUSA which includes a written proposal of intended activities at SUSA, approval minutes from the Bursary administration committee and official acknowledgement from SUSA to confirm receipt of the funds.

### Committee Observations

The Committee observed that the management provided documentary evidence to support the disbursement of Kshs. 2,000,000 to Samburu University Students Association (SUSA) after the audit.

**Committee Recommendations**

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

**2.0 Inaccuracies in the presentation of Financial Statements**

The financial statements provided for audit were not presented in accordance with the format prescribed by the Public Sector Accounting Standards Board. The financial statements did not include the summary breakdown of the bursary payments to secondary schools, colleges, universities and scholarships under Note 8 on bursary disbursements. Further, Note 22 on related parties under transfers from county governments; no amounts were indicated for current and prior years whereas the statement of financial performance reflects Kshs. 106,700,000 and Kshs. 92,400,000 in respect to current and previous year balances.

In the circumstances, the financial statements were not presented in the format prescribed by the Public Sector Accounting Standards Board (PSASB).

**Management Response**

While reporting templates are meant to give a general guide in the presentation of final report, Samburu County Bursary Fund Financial Statements, strictly adhered to the requirements of the template shared and at no point was there a departure from it as this would have led to misrepresentation of financial information.

A look at Note 8 of the financial statements does not provide room for the break down demanded. Nevertheless, they have gone ahead to categorize the disbursements and hereby submitting the result in a schedule form.

The amounts disbursed from the County Treasury into the Fund is well captured under Note 2 of the financial statements which in turn has a bearing to the statement of financial position, the cash flow statement and statement of comparison of budget and actual amounts. It was therefore inconsequential to report the same amount in Note 22 as there was no connection of this note to the other mini reports in the Financial Statements.

**Committee Observations**

The Committee observed that the Financial Statements were not prepared in a format prescribed by the PSASB.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**3.0 Lack of Trial Balance**

The financial statements provided for review were not supported by a trial balance as the management failed to submit the same.

In the circumstances, it was not possible to ascertain the validity of the balances in the financial statements.

**Management Response**

The management attached the Samburu County Bursary Fund trial balance.

**Committee Observations**

The Committee observed that whereas the trial balance was provided and verified by the Auditor-General, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

### 4.0 Unsupported Expenditure on Administration Fees

The statement of receipts and payments and Note 6 to the financial statements reflects Kshs. 4,008,450 in respect to fund administration expenses which further includes Kshs. 2,794,350 for administration expenses. However, documentary evidence including payments vouchers for expenditure amounting to Kshs. 2,794,350 were not provided for audit review.

In the circumstance, the accuracy of expenditure of Kshs. 2,794,350 could not be confirmed.

**Management Response**

The administration expenses mentioned relate to cash withdrawals for use in payment of Committee sitting allowances and for running costs of the Fund's Office in line with Section 28 (b) of Samburu County Bursary Fund Act, 2015.

**Committee Observations**

The Committee observed that the unsupported administration expenses of Kshs. 2,794,350 related to cash withdrawals for use in payment of Committee sitting allowances.

**Committee Recommendations**

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

### 5.0 Non-Acknowledgment of Bursary Fund

The statement of receipts and payments reflects an amount of Kshs. 107,466,279 in respect to bursary disbursement as disclosed under Note 8 to the financial statements, which further includes an amount of Kshs. 84,094,681 disbursed to various learning institutions. However, no acknowledgment from the beneficiary institutions was provided for audit.

In the circumstance, the completeness, validity and value for money of the Kshs. 84,094,681 expenditures could not be confirmed.

**Management Response**

Section 5(2) (c) and (d) of the Samburu County Bursaries Fund Act, 2015 states that the duties and responsibilities of the bursary coordinator shall be, keep all records in regards to the fund and any other duty relating to the bursaries fund.

Most beneficiary institutions acknowledged receipt of Samburu County Bursary for FY 2021/2022 by writing acknowledgement letters and issuing of their official receipts, however it was noted that some institutions no longer write physical receipts but electronic generated receipts, the electronic generated receipts are however only printable once the cheque(s) are cleared in the bank thus sometimes taking a bit of time before they are generated. Also, some institutions that are far from Samburu County normally sends their receipts and acknowledgment via post office hence reaching us late.

As the duty and responsibility of the Bursary coordinator, they devised a way to show acknowledgement of Bursary by institutions by instructing them to stamp copies of the cheque remittance and the list of beneficiaries once they receive them in their institution.

**Committee Observations**

The Committee observed that—

i. Some of the acknowledgement receipts are electronically generated thus are printable once the cheques cleared in the banks causing a delay.
ii. Institutions that are far from Samburu County send the acknowledgement receipts via the post office thus reaching the county late.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the**

**Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

### 6.0 Doubtful Bursary Disbursement

The statement of receipts and Note 8 to the financial statements reflects an amount of Kshs. 107,466,279 in respect to bursary disbursement which further includes Kshs. 1,120,000 and Kshs. 8,939,000 all totaling to Kshs. 10,059,000 disbursed to various learning institutions. However, review of the records revealed that an amount of Kshs. 1,120,000 was disbursed to two hundred and twenty-four (224) students sharing the same admission number in the same school. Further, an amount of Kshs. 8,939,000 disbursed to 1,547 students in secondary schools, universities and colleges were not supported with student's admission numbers and respective forms for high school students.

In the circumstances, the accuracy and value for money of expenditure Kshs. 10,059,000 could not be confirmed.

**Management Response**

Majority of the missing registration numbers are for form one (1) students whose admission numbers are generated during reporting to schools. However, they used admission letters to apply for the county Bursary assistance. The missing registration numbers for college and university students were from applications done by their parents/guardians as the students were still in session during the Bursary application period.

For the case of Ward Development Fund (WDF) and special bursaries, the lists of beneficiaries are entirely generated by the respective MCAs and thus the management has very little or no control over the application process.

The Fund's Management revisited this issue and has managed to give its update report as per the attached annextures.

**Committee Observations**

The Committee observed that—

i. Bursary disbursements of Kshs. 1,120,000 to 224 students had the same admission number as the bursary application was applied using their admission letters whereby, they got their admission numbers later.

ii. Disbursement of Kshs. 8,939,000 to various institutions did not have supporting documentations as the list of beneficiaries are supplied by MCAs. However, management is working on resolving the issue.

**Committee Recommendations**

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

## OTHER MATTER

### 1.0 Prior Year Matters

In the previous year audit report, several paragraphs 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, management had not resolved the issues nor given any explanation for failure to do so.

Although the management had indicated that the issues were responded to, the matters have remained unresolved as Senate has not met to deliberate on the same.

**Management Response**

Not much has been achieved in resolving issues raised in prior year audit exercises since their closure depends on invitations by either the County Assembly or the Senate's PAC committee. We have never received invitation on Funds audit issues.

Management commended this Committee for giving them their first ever opportunity to present their reports and it is their desire to work with the Committee to eventually resolve all the issues raised.

**Committee Observations**

The Committee observed that the management was appearing before the Committee for the first time to respond to issues relating to funds and stated that is will work towards resolving issues raised in this and other deliberations.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

**2.0 Budgetary Controls and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 125,600,000 and Kshs. 106,700,000 respectively, resulting to an under funding of Kshs. 18,900,000 or 15% of the budget. Similarly, the Fund expended Kshs. 111,549,714 against an approved budget of Kshs. 125,600,000, resulting to an under expenditure of Kshs. 14,050,286 or 11% of the budget.

In the circumstance, the under-funding and under performance affected the planned activities and may have impacted negatively on issuance of bursaries to the needy students.

**Management Response**

Management concurred with the auditor's finding of the underfunding of KES 18,900,000 in FY 2021/22. This was as a result of freezing of the June 2022 last requests for disbursements by the Office of Controller of Budget.

Having incorporated the said amounts as part of their pending bills for the year ended June 2022, the amount was included in their first supplementary budget and consequently funded accordingly.

Management attached proof that the funds were paid out to the Fund in the following financial year.

The under expenditure noted was as a result of the outbreak of Covid-19 pandemic where students were unexpectedly required to prolong their stay out of learning institutions.

**Committee Observations**

The Committee observed that management failed to meet their budgetary obligations due to underfunding caused by freezing of disbursement of funds for June 2022 by the Controller of Budget.

**Committee Recommendations**

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

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

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

### 1.0 Expiry of Samburu County Bursary Committee

The term of the current Samburu County Bursary Committee expired on 16th April, 2021 after serving a maximum of two (2) terms of three (3) years each. The County Executive Member for Education in consultation with the Governor was yet to appoint a new committee contrary to Section 6(3) of the Samburu County Bursary Act, 2015 which states that the Committee shall hold office for a period of three years and shall be eligible for re-appointment for one further term.

Further, the term of all Ward Bursary Committees also expired and no new appointments were made contrary to Section 12(4) of Samburu County Bursary Committee Act, 2015 which states that the members of the ward committees other than the Ward Administrator and a representative from the office of the elected Member of the County Assembly shall hold Office for a term of three years and shall be eligible for re-appointments for one further term.

In the circumstance, Management was in breach of the law

**Management Response**

The County Bursary Committee (CBC) and Ward Bursary Committee term of office expired on 16th April, 2021 after serving for two consecutive terms of three (3) years each, however the delay in appointment of new committees (CBC and WBC) was due to the COVID-19 pandemic outbreak which forced the Government of Kenya to put in place stick restrictions such as not allowing group gatherings for the better part of the year 2020 and 2021. The committees needed to be inducted and taken through the Bursary Act, 2015 and the regulations; this was therefore not possible due to the government's directive of no gatherings in social places.

COVID-19 affected the school calendar in Kenya, there were students who joined form one in July/August 2021, the committees however continued to hold office after the expiry of their term as they were involved in the application, disbursement and review of the disbursed form one (1) bursary.

According to Section 6(3) of the Samburu County Bursaries Fund Act, 2015 it states that the committee shall hold office for a period of three years and shall be eligible for re-appointment for one further term.

In compliance with the Samburu County Bursaries Fund Act, 2015, the County Executive Member for education in consultation with the Governor will appoint a new committee, induct them and give them the mandate to manage the Bursaries as stipulated in the Samburu County Bursaries Fund Act, 2015.

**Committee Observations**

The Committee observed that—

i. the delay in appointment of a new Samburu Bursary Committee and Ward Bursary Committee was due to the restriction of movement caused by Covid-19. The pandemic also affected learning as it was stopped for several months.
ii. The County Executive Member for education together with the governor appointed the new Committees in October 2022.

**Committee Recommendations**

**The Committee recommends that the Fund management should adhere to the specifications put across in the Samburu County Bursaries Fund Act, 2015, with regards to the term and appointment of Bursary and Ward Committees.**

## CHAPTER THIRTY

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR SIAYA COUNTY EDUCATION BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Siaya County Executive, Hon. James Orengo, EGH, appeared before the Committee on Thursday, 4th April, 2024 to respond (under oath) to audit queries raised in the Report of the Auditor-General on Financial Statements for Siaya County Education Bursary fund for the Financial Year ended 2021/2022. He was accompanied by –

1. CPA Benedict Omollo - CECM-Finance
2. Dr. Edgar Otumba - CECM-Education
3. Mrs. Grace Agola - CECM -Trade
4. Mr. Joseph Ogutu - County Secretary
5. Amb. P.R Owade - County Attorney

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a Qualified Opinion on the financial statements of Siaya County Education Bursary fund for the period under review on the following basis –

### 1. Variances Between the Ledger and Financial Statements

The statement of financial performance reflects Kshs.134,422,000 in respect to bursary to students and as disclosed in Note 3 to the financial statements. However, the ledgers provided for review reflected an amount of Kshs.134,765,000 resulting to a variance of Kshs.343,000 which has not been explained or reconciled.

ln the circumstances, the accuracy and completeness of bursary to students' expenditure of Kshs.134,422,000 could not be confirmed.

### Management Response

We note your observation and wish to state that figure of Kshs.134,765,000 was before reconciliation of the bursary ledger. Upon reconciliation we can confirm that correct figure for Bursary to student is Kshs.134,422,000 as per the attached schedule. The same was reported in our financial statement.

**Committee Observations**

The Committee noted that the ledgers provided for review reflected an amount of Kshs.134,765,000 resulting to a variance of Kshs.343,000 which has not been explained or reconciled.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Variance in Cash and Cash Equivalents**

The statement of financial position reflects an amount of Kshs.18,603,677 in respect to cash and cash equivalents, which agrees to the bank statement. However, the bank reconciliation statement provided for audit reflects a cash book balance of Kshs.17,309,265, resulting to a variance of Kshs.1 ,294,412, which has not been reconciled or explained. ln addition, there a journal entry passed after year end of Kshs.1,541,372 affecting bursary to students amount and the cash and cash equivalent balance was not effected in the financial statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents amount of Kshs.18,603,677 could not be confirmed.

**Management Response**

We note your observation and wish to confirm that according to our records, the bank reconciliation statement reflects cashbook balance of Kshs. 18,603,677. Accordingly, there was no variance between financial statements (cash and cash equivalent) and bank reconciliation statement. We have attached bank reconciliation statement for your verification.

**Committee Observations**

The Committee observed that the bank reconciliation statement submitted reflects a cash book balance of Kshs 17,309,265 while the statement of financial position reflects Kshs Kshs.18,603,677 resulting to a variance of Kshs.1 ,294,412.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**3. lnaccuracies in the Notes to the Financial Statements**

The statement of financial performance reflects an amount of Kshs.2,204,218 in respect to fund administration expenses which has been incorrectly referenced to Note 4 to the

financial statements on general expenses. Similarly, the statement of financial performance reflects general expenses (bank charges) of Kshs.283,770 which is referenced to Note 5 to the financial statements on finance costs.

In the circumstances, the Notes to the financial statements are misleading.

**Management Response**

We note your findings and wish to confirm that this is a mix-up in the reporting template as provided by Public Sector Accounting Standards Board (PSASB). However, note that this mix- up does not affect materiality, accuracy and completeness of the financial statement.

Going forward the County will customise the reporting template to report only on notes to financial statements that are relevant to Bursary fund activities.

**Committee Observations**

The Committee observed that the fund administration expenses had been incorrectly referenced to Note 4 of the financial statements on general expenses putting doubt to the correctness of the financial statements.

**Committee Recommendations**

**The Committee recommends that—**

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

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

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

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

### Failure to Enact Regulations

The Siaya County Education Bursary Fund was enacted through an Act of County Assembly on 20 April, 2016 which was amended in 2018. However, Management is yet to prepare and operationalize the regulations to the Act contrary to Section 26(1) of the Act which states that the County Executive Member may make regulations generally for the better carrying out of the objects of this Act.

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

### Management Response

We note your findings and wish to state that the attendant regulations to Siaya County Bursary fund act have been approved by County Executive Committee and forwarded to the County Assembly for enactment. We have attached copy of regulations and the forwarding letter to the County Assembly for your review.

**Committee Observations**

The Committee observed that the Management were yet to prepare and operationalize the regulations to the Siaya County Education Bursary fund act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the CECM Education engage the County Assembly of Siaya to ensure that the regulations are enacted within 30 days of the adoption of this report; and**
ii. **The Auditor General to review the matter in the subsequent audit cycle.**

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

### 1. Lack of lnternal Audit Function

During the year under review, the Fund's activities were not reviewed by an lnternal Auditor. This was contrary to Regulation 153(1Xc) of the Public Finance Management (County Governments) Regulations, 2015 which requires the lnternal Auditor to review the effectiveness of the financial and non-financial performance management systems of the entity.

ln the absence of constant reviews by the internal audit unit, the effectiveness of internal control and risk management of the Fund could not be confirmed.

**Management Response**

We note your observation and wish to state that as at the time of audit the Internal Audit unit had not conducted regulatory review on the Fund. Currently the Internal Audit unit is undertaking systems audit of Siaya County Bursary fund as per the attached letter.

**Committee Observations**

The Committee noted that fund did not have an internal audit function at the time of audit.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) Finance ensures that the Fund Committee puts in place an internal audit function as provided under regulation 155(5) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds within 90 days of the adoption of this report. Further, the County Executive Committee Member (CECM) Finance to submit evidence of the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

**2. Lack of risk Management Policy**

The fund management had not put in place the risk management policy and IT strategies to mitigate against risk. This is contrary to regulation 158(1)(a) and (b)of the PFM county government regulations 2015 which requires the accounting officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops system of risk management and internal control that builds robust business operations.

**Management Response**

We note your findings and wish to state that the fund doesn't have a risk management policy and is depending on the County Risk management Policy.

**Committee observations**

The Committee noted that at the time of audit the fund did not have a risk management policy in place.

**Committee recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) for Finance ensures that the Fund Committee puts in place a Risk Management Policy as provided under regulation 158(1) of Public Finance Management (County Governments) Regulations, 2015 among others to guide the internal operations of all the funds within 90 days of the adoption of this report. Further, the County Executive Committee Member (CECM) Finance to submit evidence of the same to the Auditor-General for verification. Auditor-General to provide a status update on the same in the subsequent audit cycle.**

## CHAPTER THIRTY-ONE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR TAITA TAVETA COUNTY EDUCATION FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Taita Taveta County, Hon. Dr. Andrew Mwadime, appeared before the Committee on Monday, 20th November, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Taita Taveta County Education Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Dawson Mzenge - CECM-Finance
2. Ms. Gloriah Monikombo - CECM Education
3. Mr. Nashon Nyali - Chief Officer Finance
4. Ms. Lonye Mwakio - Chief Officer -Education

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the financial statements of the Taita Taveta County Education Fund for the financial year under review on the following basis-

**Undisclosed and Doubtful Disbursements**

The statement of financial position and Note 7 to the financial statements reflect long-term receivables from non - exchange transactions balance of Kshs.88,702,004 in respect to monies transferred to HELB for disbursement to needy students. Further the statement of account from HELB indicated that a total of Kshs.52,000,000 was transferred to HELB against Kshs.52,856,000 which was disbursed to the needy students and the difference of Kshs.856,000 between the two amounts was part of recoveries of Kshs.5,659,018 made by HELB from loanees. However, the amount of Kshs.856,000 disbursed was not disclosed by the Fund as a receivable in the financial statements.

In addition, Management explained that the difference of Kshs.36,702,004 between the financial statements balance of Kshs. 88,702,004 and HELB statement of account balance of Kshs.52,000,000 were disbursements by HELB to students before the signing of service agreements between the students and HELB. However, it was not explained whether the students issued with loans totaling Kshs.36,702,004 subsequently signed the agreements with HELB and whose responsibility it was to recover the loans from the beneficiary students.

In the circumstances, the accuracy and completeness of the long- term receivables from non-exchange transactions balance of kshs. 88,702,004 could not be confirmed.

**Management response**

The management appreciates the issue raised by the auditor and as the office receives HELB statement on revolving fund account the office shall restate the receivable balance in the subsequent financial statement for correction.

The amount of ksh 856,000 was disbursed by HELB from the total amount of loan recoveries of ksh 5,659,018 and a disclosure of the same has been made in the financial statements of fy 21/22. See attached on receivables from non-exchange transactions.

In addition the amount of ksh 36,702,004 was disbursement done by Taita Taveta County Education Fund Board before the service contract agreement with HELB. The fund holds the responsibility of ensuring that all such loans issued have been fully recovered. To mitigate the risk, Taita Taveta Education Fund Board entered into an agreement with HELB, and therefore recovery of the same is in progress.

**Committee Observations**

The Committee observed that-

i. The management failed to disclose recoveries made by HELB amounting to Kshs.856,000 as receivables within the Fund's financial statements during the financial year under review. The management claims that the disclosure was made in the Financial statements of the subsequent year.
ii. The management clarified that the amount of kshs. 36,702,004 were disbursements done by Taita Taveta County Education Fund Board before the service contract agreement with HELB. However, the management did not submit evidence showing that the students signed fresh loan agreements with HELB which delegates the responsibility of loan recovery to HELB.

**Committee Recommendations**

**The Committee recommends that-**

i. **The Auditor-General to confirm that the disclosure of Kshs. 856,000 was made in the financial statements of the subsequent year and give a status report on the same to the Senate during the subsequent audit cycle; and**
ii. **the Accounting Officer should, within 60 days of the adoption of this report, submit a debtors' schedule to the Auditor-General for verification;**

iii. **the Accounting Officer should within 60 days of the adoption of this report, submit an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;**

iv. **the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and**

v. **The Accounting Officer to undertake a detailed analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015.**

**Other matter**

1. **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of kshs 145,000,000 and ksh 58,400,000 respectively resulting to an under-funding of ksh 86,000,000 or 60% of the budget. Similarly, the Fund expended ksh 73,395,204 against an approved budget of ksh 145,000,000 resulting to an under-expenditure of ksh 71,604,796 or 49% of the budget.

The under expenditure is largely attributed to undisbursed funds by the County Executive and could have affected the planned activities impacting negatively on service delivery to the public.

**Management Response**

The fund received a total amount of KSH 58,400,000 (fifty eight million four hundred thousand) against a budget of 145,000,000 (one hundred and forty five million) leading to the under-expenditure. The county treasury was not able to transfer all amount as budgeted for due to cash flow challenges during the period under review.

**Committee Observations**

The Committee observed that-

i. The underfunding of Kshs. 86,000,000 or 60% of the budget in the financial year under review was due to delays in disbursement of the Exchequer Releases.

ii. The Fund failed to absorb Kshs. 71,604,796 or 49% of its budget during the financial year under review.

**Committee Recommendations**

**The Committee recommends that-**

i. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply; and**

ii. **the National Treasury should ensure timely release of funds to County Governments in line with the cash disbursement schedules approved by the Senate.**

2. **Prior Year Matters**

In the report of the previous year, issues were raised which remained unresolved as at 30 June 2022 and management has not provided reasons for the delay in resolving them. Further, the prior year issues were not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template.

**Management Response**

The management had not been called for deliberation by the oversight committee and thus the delay. Further there was an oversight during the preparation of the financial statements in the period under review but in the subsequent financial year the issues have been disclosed as required by the Public Sector Accounting Standards Board reporting template.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

## CHAPTER THIRTY-TWO

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR TANA RIVER COUNTY WARD BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Tana River County, Hon. Maj. (Rtd) Dr. Dhadho Gaddae Godhana, appeared before the Committee on Wednesday, 19th February, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Tana River County Ward Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mrs. Brenda Mokaya - CECM Finance
2. Mr. Abas Kunyo - CECM Education
3. Mrs. Mariam Buni - Chief officer Finance
4. Mrs. Bona Fatuma - CCO Education

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Tana River County Ward Bursary Fund for the financial year under review on the following basis-

**1. Inaccuracies in Opening Balances**

The statement of financial position reflects opening cash and cash equivalents and total net assets and liabilities balance of Kshs.76,551,563. However, the prior year audited financial statements reflected cash and cash equivalents and total net assets and liabilities balance of Kshs.71,407,558 resulting to an unexplained variance of Kshs.5,144,005.

In the circumstances, the accuracy of the opening balance of cash and cash equivalents and total net assets of Kshs.76,551,563 reflected in the statement of financial position could not be confirmed.

**Management Response**

During the previous year 2020/2021 the cash and cash equivalents was misstated as kshs. 71,407,558 instead of kshs. 76,561,563 which is well supported by bank certificate as at 30th June 2021.

**Committee Observations**

The Committee observed that the variance of Kshs. 5,144,005 was an error due to misstatement which has since been corrected therefore, the query is addressed.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

2. **Variances in Statement of Changes in Net Assets**

The statement of changes in net assets reflects accumulated surplus of Kshs.7,092,529 as at 1 July, 2020 and Kshs.76,551,563 as at 1 July, 2021. However, the audited financial statements for 2020/2021 financial year reflects accumulated surplus of Kshs.1,948,525 and Kshs.71,407,558 as at 1 July, 2020 and 1 July, 2021 respectively resulting to unexplained variance of Kshs.5,144,004 and Kshs.5,144,005 respectively.

In the circumstances, the accuracy of accumulated surplus of Kshs.120,817 reflected in the statement of changes in net assets could not be confirmed.

**Management response**

The amount of Kshs. 7,092,529 was an opening balance as at 1st July 2020. The accumulated surplus for the period was 69,459,034. The amount of Kshs. 76,551,563 was the opening balance as at 1st July 2021 and during the year, there was a deficit of Kshs. 76,430,746 as shown in the statement of net assets as at 30th June 2022. Therefore, the balance as at 30th June 2022 could be confirmed.

**Committee Observations**

The Committee observed that the management failed to provide a satisfactory explanation for the variance of Kshs.5,144,004 and Kshs.5,144,005 in the accumulated surplus amounts between the statement of changes in net assets and the audited financial statements for 2020/2021. Further, the variances remained unreconciled.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Accounting Officer ensures that the necessary reconciliations to correct the omissions are carried out in the financial statements of the subsequent year and the Auditor-General to provide a status update on the same during the subsequent audit cycle;**
ii. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

3. **Variances Between the Financial Statements and the Ledgers**

The statement of financial performance reflects bursary payments amount of Kshs.224,900,000 and general expenses of Kshs.249,183 as discussed in Note 3 and 5 to the financial statements respectively, which includes bank charges of Kshs.124,618. However, the schedules supporting the financial statements reflected bursary payments and bank charges of Kshs.224,038,677 and Kshs.124,122 resulting to unexplained variances of Kshs.861,323 and Kshs.496 respectively.

In the circumstances, the accuracy, of bursary payments and bank charges balances of Kshs.224,900,000 and Kshs.124,618 respectively reflected in the statement of financial performance could not be confirmed.

**Management Response**

The bank charges are hereby summarized below for your confirmation and verification, also attached is the bank statement for the year under review.

| Bank Charges July 2021 to June 2022 | | |
|---|---|---|
| DATE | PARTICULARS | AMOUNT |
| 05/07/2021 | Tax Amount | 2400 |
| 05/07/2021 | Stamp Duty | 3720 |
| 05/07/2021 | Cost of Cheque Book | 12000 |
| 21/07/2021 | Tax Amount | 240 |
| 28/07/2021 | Tax Amount | 2400 |
| 28/07/2021 | Stamp Duty | 3720 |

| | | |
|---|---|---|
| 28/07/2021 | Cost of Cheque Book | 12000 |
| 02/08/2021 | Tax Amount | 240 |
| 10/08/2021 | Tax Amount | 96 |
| 10/08/2021 | Stop payment | 480 |
| 12/08/2021 | Tax Amount | 240 |
| 20/08/2021 | Tax Amount | 780 |
| 20/08/2021 | Stamp Duty | 1750 |
| 20/08/2021 | Cost of Cheque Book | 5600 |
| 28/08/2021 | Transfer | 1072 |
| 04/10/2021 | Tax Amount | 240 |
| 14/10/2021 | Tax Amount | 4800 |
| 25/10/2021 | Stamp Duty | 7500 |
| 25/10/2021 | Cost of Cheque Book | 24000 |
| 17/11/2021 | Tax Amount | 240 |
| 17/11/2021 | Tax Amount | 240 |
| 25/11/2021 | Tax Amount | 240 |
| 7/12/2021 | Tax Amount | 240 |
| 10/12/2021 | Tax Amount | 240 |
| 16/12/2021 | Unpaid Item Charge | 170 |
| 16/12/2021 | Unpaid Item Charge | 850 |
| 20/12/2021 | Tax Amount | 480 |
| 02/02/2022 | Tax Amount | 240 |
| 08/02/2022 | Tax Amount | 240 |
| 08/02/2022 | Tax Amount | 4800 |

| | | |
|---|---|---|
| 08/02/2022 | Stamp Duty | 7500 |
| 08/02/2022 | Cost of Cheque Book | 24000 |
| 21/02/2022 | Tax Amount | 240 |
| 04/03/2022 | Tax Amount | 240 |
| 04/03/2022 | Tax Amount | 240 |
| 16/03/2022 | Tax Amount | 240 |
| 31/03/2022 | Tax Amount | 240 |
| 31/03/2022 | Tax Amount | 240 |
| 05/04/2022 | Tax Amount | 120 |
| 28/04/2022 | Tax Amount | 240 |
| | | 124,618 |

**Committee Observations**

The Committee observed that there was a variance of Kshs.861,323 and Kshs.496 between the bursary payments and bank charges recorded in the financial statements and the schedules provided for the same. Although the schedule of bank charges was submitted for verification, the variances remained unreconciled.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Accounting Officer ensures that the necessary reconciliations to correct the omissions are carried out in the financial statements of the subsequent year and the Auditor-General to provide a status update on the same during the subsequent audit cycle;**
ii. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iv. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

v. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

4. **Unsupported Fund Administration Expenses**

The statement of financial performance reflects fund administration expenses of Kshs.5,631,945 as disclosed in Note 2 the financial statements. The amount includes an expenditure on printing and stationery of Kshs.871,445, out of which the expenditure of Kshs.573,195 was not supported with payment vouchers.

In the circumstances, the accuracy and completeness of the fund administration expenses amounting to Kshs.573,195 could not be confirmed.

**Management response**

The expenditure amounting to kshs. 573,195 relates to cost of printing of bursary forms and subsequent printing of bursary documents as summarized below for your confirmation and verification. The expenditure is well supported and voted appropriately.

**Committee Observations**

The Committee observed that whereas the payment vouchers to support the expenditure of Kshs.573,195 were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**5. Unaccounted for Bursary Payments**

The statement of financial performance reflects bursary payments totalling to Kshs.224,900,000 as disclosed in Note 3 to the financial statements. Included in the payments is an amount of Kshs.44,059,650 disbursed to students in various learning institutions but were not acknowledged by the beneficiary institutions. In addition, payments of Kshs.6,336,500 and Kshs.4,876,000 were paid to a driving school and tailoring institution respectively. However, records supporting the procurement process were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of bursary payments amounting to Kshs.55,272,150 could not be confirmed.

**Management Response**

The bursary ward committees are responsible for vetting and awarding of funds to beneficiaries after which a summary of the same is shared with the county bursary board for cheque processing as stipulated in the Tana River County bursary fund act Article 16 (1) (2). The modalities and criteria on how to identify the learning institutions and the beneficiaries is a mandate of the various ward bursary committees within the county. The bursary fund board has consistently been requesting acknowledgements from institutions be submitted to the office for accountability purposes.

The financial statements are amended appropriately to reflect the correct bursary payments and administrative expenditures.

**Committee Observations**

The Committee observed that—

i. the management failed to provide acknowledgement letters from the respective institutions to support bursary disbursements amounting to Kshs. 44,059,650 for audit review. The management submitted requests for bursary acknowledgement to the County Assembly.
ii. the management failed to provide records supporting the procurement process to support payments of Kshs.6,336,500 and Kshs.4,876,000 made to a driving school and tailoring institution.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to take appropriate administrative action on responsible officers within the Accounts and Finance department who fail to keep complete financial records in accordance with section 156(1) of the Public Finance Management Act, Cap.412A and in line with their terms and conditions of appointment or employment, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**6. Cash and Cash Equivalents - Stale Cheques**

The statement of financial position reflects cash and cash equivalents balance of Kshs.120,818 as disclosed in Note 6 to the financial statements. However, review of bank reconciliation statement revealed an amount of Kshs.7,370,190 in respect of unpresented cheques, that included stale cheques amounting to Kshs.955,000 which were not reversed in the cash book as at 30 June, 2022.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.120,818 could not be confirmed.

**Management Response**

The bursary cheques were all issued to beneficiaries hence are not in our custody. The Tana River bursary fund board made communications with the bank to dishonor the

stale cheques so we may re-issue them to needy students. However, the bank (KCB branch hola) claimed that cheques with an amount less than kshs. 80,000 can be cleared regardless of their time of expiry. The fact that the cheques are not within our custody we fear that when replaced some of them can be cleared with the bank and cause an overdraft to the Fund account.

The management is still following up the matter with the bank so that we can replace cheques which become stale.

**Committee Observations**

The Committee observed that the management provided evidence of communication with the bank about the issue of the reversal of the stale cheques amounting to Kshs.955,000 for audit review.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer to provide a status update on the matter to the Senate and the Auditor-General within 60 days from the adoption of this report.**

**Other Matter**

**Unresolved Prior Year Matters**

In the Auditor-General's report for the previous year, several issues were raised. However, the Management has not disclosed all the issues under progress on follow up of prior year auditor's recommendations. The issues disclosed in the financial statements were indicated as resolved. However, the Management did not provide evidence on how the issues were resolved.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of**

**section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### Presentation of the Financial Statements

The pages containing the statement of financial performance, statement of financial position, statements of changes in net assets and statement of cash flows are not numbered. The name of the Fund is repeatedly referred to as 'entity' in the notes section of the financial statements. In addition, the year in the adjustments column of the statements of comparison of budget and actual amounts is indicated as 2021 instead of 2022.

### Management Response

No response provided.

### Committee Observations

The Committee observed that the financial statements of the fund were not prepared in compliance with the accounting standards prescribed by the Public Sector Accounting Standards Board (PSASB).

### Committee Recommendations

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

## CHAPTER THIRTY-THREE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THARAKA-NITHI COUNTY BURSARY DEVELOPMENT FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Tharaka-Nithi County, Hon. Muthomi Njuki, EGH, appeared before the Committee on Monday, 15th April, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Tharaka-Nithi County Bursary Development Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Jonathan Mwithi - Chief Officer-Education
2. Mr. Lawrence Rweria - CECM-Finance
3. Mr. Elijah Nduati - Director Accounts

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Tharaka Nithi County Bursary Development Fund for the financial year under review on the following basis-

1. **Unsupported School Bursaries Grant**

The statement of financial performance reflects school bursaries grants of Ksh. 29,184,579 as disclosed in Note 3 to the Financial statement. However, the Management did not provide a list of all application forms received and the criteria used in awarding bursaries. Further, Management did not provide minutes and reports in respect to Nkondi and Marimanti ward bursary committees and supporting documentations on whether the Board granted bursaries to eligible students.

In addition, the list of beneficiaries included ten (10) applicants without admission numbers.

In the circumstances, the accuracy and completeness of school bursaries grants of Ksh. 29,184,579 could not be confirmed.

**Management Response**

The Management takes note of incomplete record of school bursary beneficiaries, and Ward Committee reports that may have inadvertently been omitted during audit for Nkondi and Marimanti Wards are hereby submitted for Audit review.

The list of applicants and beneficiaries including the index number are hereby submitted for audit review.

**Committee Observations**

The Committee observed that—

i. whereas the Records of school bursary beneficiaries, ward committee reports and Minutes of Nkondi and Marimanti wards were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
ii. The management failed to provide the criteria used in awarding of bursaries for audit review.

**Committee Recommendations**

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

2. **Unsupported Committee Allowances**

The statement of financial performance reflects use of goods and services expenditure of Ksh. 2,664,548 as disclosed in Note 4 to the Financial Statement. Included in this amount is Committee allowances of Ksh. 2,178,000 which has not been supported by invitation, attendance registers, Board and Ward Committee minutes, calendar of events and bursary vetting reports from Ward Committee to justify the allowances.

In the circumstances, the accuracy and completeness of committee allowances of Ksh. 2,178,000 could not be confirmed.

**Management Response**

The Management takes note of Ward Committee allowances records that may have inadvertently been omitted during audit and we will avail the necessary documents for audit review.

**Committee Observations**

The Committee observed that whereas Ward committee allowance records were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

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

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

### 1. Failure to Develop Regulations in respect to the Fund

The Board did not develop regulations in respect of the Fund. This is contrary to Section 10 of Tharaka Nithi County Bursaries Fund Act, 2014. Which states that the functions of the Board shall include formulation sound policies for regulating the Management of the Fund, raising and soliciting for funds and other assistance to promote the functions of the Board and to set the criteria and conditions governing the granting of bursaries.

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

**Management response**

The Management takes note of the audit finding on failure to prepare Bursary Fund Regulations. However, there has been no legal requirement to enact Regulations since the Act is sufficient and can be implemented without a Regulation.

**Committee Observations**

The Committee observed that the Board of the Fund failed to develop regulations for the fund contrary to Section 10 of Tharaka Nithi County Bursaries Fund Act, 2014.

**Committee Recommendations**

**The Committee recommends that the Board of the Fund ensures strict compliance with the provisions of section 10 of the Tharaka Nithi County Bursaries Fund Act, 2014 with regards to the development of Regulations for the Fund.**

**2. Operating Board Committee and Ward Committees**

The Fund has operated without a board and Ward Committees as from 10th December, 2021 following the lapse of the Board and Committees that was appointed for three (3) years term on 11th December 2018. This is contrary to Section 13 and 14 of Tharaka Nithi County Bursaries Fund Act, 2014 which requires establishment of Ward Bursaries Committee.

In the circumstances, the Management is in breach law.

**Management response**

The Management takes note of the audit finding and process of renewing and appointing of Bursary Committee members has since been conducted as per attached letter of appointment dated 29th March 2023.

**Committee Observations**

The Committee observed that—

i. whereas the appointment letters of Bursary Committee Members were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
ii. The appointment letters submitted did not contain the term period to be served by the members.

**Committee Recommendations**

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

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

**1. Lack of Information Communication Technology (ICT) Policy**

The Management did not have an approved IT policy to provide guidelines on data processing, security, disaster recovery plans, back up and retention strategy and

handling. In the circumstances risk management, development of strategies and controls on ICT could not be confirmed.

**Management Response**

The Fund being a County public entity has adopted ICT policy developed by the County Government of Tharaka Nithi.

**Committee Observations**

The Committee observed that the Fund operated without an ICT policy in place during the financial year under review.

**Committee Recommendations**

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

## CHAPTER THIRTY-FOUR

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR TRANS-NZOIA COUNTY ELIMU BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Trans Nzoia County, Hon. George Natembeya MBS, appeared before the Committee on Thursday, 30th November, 2023 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Trans Nzoia County Elimu Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Bonface Wanyonyi - CECM-Finance
2. Mr. Stanley Wanyonyi - CECM-Education
3. Mr. Ashton Mulupi - Chief Officer – Education
4. Mr. Emmanuel Masungo - Chief Officer-Finance

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Trans Nzoia County Elimu Bursary Fund for the financial year under review on the following basis-

### Irregular Bursary Payments

The statement of financial performance reflects expenditure on the use of goods and services of Kshs. 62,916,991 which, as disclosed in Note 2 to the financial statements, includes bursary payments of Kshs. 60,528,000 out of which Kshs. 1,961, 000 was irregularly paid to students' multiple times by duplicating their details in different county wards or sharing admission numbers.

In the circumstances, the accuracy and validity of bursary payments amount of Kshs. 1,961,000 included in the use of goods and services in the statement of financial performance could not be confirmed.

### Management Response

The audit observation of students or beneficiaries sharing the same admission is noted. Going forward, the Trans Nzoia County Elimu Bursary Fund Board has put in place mechanisms to prevent the recurrence of such anomalies as follows;

1. The public Vetting by the ward bursary committees shall be done on the same day across all the wards in the county. This will reduce the instances of moving from one ward to another looking for bursary allocation.

2. The Transaction Elimu bursary board shall undertake due diligence of the Ward list, and scrutinize it for any chances of duplication of names upload of the bursary payment schedules, writing and issuance of bursary cheques
3. The introduction of an Information Technology Component to identify cases of double allocation.
4. The Elimu Bursary Fund Board will institute administrative actions against ward committees engaged in any malpractices.

**Committee Observations**

The Committee observed that some students received bursaries from more than one ward which could deny other deserving applicants from receiving a share of the disbursements.

**Committee Recommendations**

**The Committee recommends that—**

i. **the County Executive Committee Member (CECM) in charge of Education ensures that a centralized database with unique identity tracking is implemented to ensure all bursary applicants and recipients are consistently recorded to prevent duplication, and provide a status update on the same during the subsequent audit cycle; and**
ii. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**Other Matter**

**Unresolved Prior Year Matters**

The Report of the Auditor–General on Trans Nzoia County Elimu Bursary Fund for the previous year, contained issues which, although management has indicated that they have been resolved, the Senate and County Assembly have not deliberated and issued recommendations on them.

**Management Response**

I wish to state that the CECM – Education and Technical Training who is the chairperson of Trans Nzoia Elimu Fund honored the summon to appear before the Public Accounts and Investment Committee of the County assembly ref: CATN/PAIC/2022/VOL.1/72 dated 17th February 2023 and presented written submission on the issues raised in the audit report that were received and discussed.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**
ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

## CHAPTER THIRTY-FIVE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR TURKANA COUNTY EDUCATION AND SKILLS DEVELOPMENT FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Turkana County, Hon. Jeremiah Ekamais Lomorukai, appeared before the Committee on Wednesday, 6th March, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Turkana County Education and Skills Development Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Dr. Michael Eregae - CECM Finance
2. Mr. Eyaana Lusac - Fund Administrator
3. Mrs. Korea Moses - CCO Education
4. Mr. Edukon Daniel - Board Member Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Turkana County Education and Skills Development Fund for the financial year under review on the following basis-

**Incorrect Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.15,404,131 as at 30 June, 2022 as disclosed in Note 11 to the financial statements. The bank reconciliation statement for June 2022 included unpresented cheques of Kshs.1,912,500 payable to various educational institutions as bursary. Review of subsequent bank statements revealed unpresented cheques amounting to Kshs.552,500 cleared between 01 July and 30 November, 2022 leaving un-cleared cheques of Kshs.1,360,000.

However, at the time of audit in December 2022, unpresented cheques amounting Kshs.1,239,000 out of un-cleared balance Kshs.1,360,000 had become stale and had not been reversed in the cash book contrary to Regulation 90(3) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to ensure that any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the cash and cash equivalents is understated by the amount of stale cheques of Kshs.1,239,000 not adjusted for in the cashbook. In addition, the Fund Management was in breach of the law.

**Management Response**

The Cheques amounting to Kshs.1,239,000 became stale in November, 2022 and were reversed in the cashbook on 4th July, 2022, 31st August,2022 and 1st September, 2022 and 17th October, 2022. To address this challenge of delay in collection of cheques the fund management has put in place a proper mechanism of communicating the list of bursary beneficiaries through the county administrative structures beginning with the sub county administrators, ward administrators and village administrators. In addition, the fund management is planning to put in place an electronic system which will enable electronic fund transfers and avoid the issuance of physical cheques.

**Committee Observations**

The Committee observed that the management submitted evidence to show that all the stale cheques were reversed, however, they failed to submit evidence to show that the cheques were later replaced.

**Committee Recommendations**

**The Committee recommends that—**

i. **The Accounting Officer ensures that the reversed cheques were replaced and the Auditor-General verifies the same within sixty (60) days of the adoption of this report;**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle; and**
iii. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

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

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

**1.Failure to Prepare Operational Budget**

The statement of financial performance reflects total expenditure of Kshs.362,858,539 for the year ended 30 June, 2022. However, there was no approved operational budget for the year ended 30 June, 2022 contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare estimates of the expenditure of the entity in conformity with strategic plan and Section 149(2)(i) which requires the Accounting Officer to submit the estimates of an entity which is not a county corporation to County Executive Committee member for finance; for approval by the County Executive Committee and subsequently the County Assembly.

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

**Management Response**

The fund was allocated Kshs.374,000,000 in the approved budget for the Financial Year 2021/2022. Further the county secretariat approved the fund operational budget on 9th August,2021.

**Committee Observations**

The Committee observed that whereas the approved operational budget for the financial year under review was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**2. Appointment of Ward Appraisal Committee**

The statement of financial performance reflects use of goods and services expenditure of Kshs.362,858,539 which includes education bursary of Kshs.351,665,207 as disclosed in Note 7 to the financial statements paid to various secondary schools, colleges and universities in support of needy students from Turkana County. The bursaries were approved by respective Ward Appraisal Committees in the thirty (30) wards in the County.

However, there was no evidence to show that all Ward Appraisal Committee Members in the thirty wards were appointed in consultation with the area Member of County

Assembly and appointed by the Sub-County Education Officer contrary to Section 12(c) the Turkana County Education and Skills Development (Amendment) Act, 2016 which requires that seven members of the public who are resident to that particular ward be appointed by the patron, who is the Sub County Education Officer in consultation with the area Member of County Assembly, taking into consideration the entire representation of the Ward.

Consequently, Fund Management was in breach of the Fund Regulations.

**Management Response**

The Turkana County Education and Skills Development (Amendment) Act, 2016 was amended to replace "consultation with the area Member of County Assembly" with "in consultation with the relevant Stakeholders".

**Committee Observations**

The Committee observed that the management failed to provide evidence of consultation with the relevant stakeholders during the appointment of the thirty (30) Ward Appraisal Committee Members for audit verification.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer ensures strict compliance with the provisions of section 12(c) the Turkana County Education and Skills Development (Amendment) Act, 2016 with regards to consultation with the relevant stakeholders during the appointment of the Ward Appraisal Committee Members.**

**3.Internal Borrowing**

The statement of financial position reflects receivables from non-exchange transactions of Kshs.2,277,340 as at 30 June, 2022. Turkana County Executive borrowed a total of Kshs.9,278,770 in months of September and October 2021 and refunded Kshs.7,001,430 during the year resulting in unpaid balance of Kshs.2,277,340. By the time of audit in November, 2022, there was no evidence to show that the outstanding amount had been repaid contrary to Section 142(3) of the Public Finance Management Act, 2012 which states that a county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it is borrowed.

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

**Management Response**

The county executive refunded to the fund the outstanding borrowing of Khs. 2,277,340 on 10th May, 2023.

**Committee Observations**

The Committee observed that the management submitted evidence to show that the Turkana County Executive repaid the outstanding borrowed amount of Kshs. 2,277,340, however, the repayment was done outside the set time limit of one (1) year as set out in section 142(3) of the Public Finance Management Act, Cap.412A.

**Committee Recommendations**

**The Committee recommends that the Governor of Turkana County and the Accounting Officer of the Fund ensure strict compliance with the provisions of section 142(3) of the Public Finance Management Act, Cap.412A with regards to the set time limits on repayment of borrowings made by County Government entities, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

## CHAPTER THIRTY-SIX

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Uasin Gishu County, Hon. Jonathan Bii, EGH, appeared before the Committee on Monday, 15th April, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Uasin Gishu County Bursary and Skills Development Support Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Micah Kipkosgei - CECM-Finance
2. Mr. Antony Sitienei - CECM-Education
3. Mrs. Roselyn Kosgei - Fund Administrator Bursary
4. Mrs. Marion Birgon - Chief Officer-Education

### REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Uasin Gishu County Bursary and Skills Development Support Fund for the financial year under review on the following basis-

**Unsupported Use of Goods and services**

The statement of financial performance reflects use of goods and services amount of Kshs. 7,045,082 which, as disclosed in Note 7 to the financial statements, includes lunch allowances amounting to Kshs. 2,971,880 and committee allowances amounting to Kshs. 3,300,000, all totaling to Kshs. 6,271,880. Management has not provided a plausible justification and rationale for the payment of the lunch and committee allowances.

In the circumstances, the accuracy, completeness and regularity of the lunch and committee allowances of Kshs. 6,271,880 could not be confirmed.

**Management Response**

Kshs. 2,971,880 was lunch allowances paid as per the SRC job group rate for officers on supervisory duties in the ward during the bursary award process. The officers worked overtime and during weekends to verify bursary application forms, writing and verification of payment vouchers, and drawing of cheques at sub county and ward offices.

Kshs. 3,300,000 was amounts paid to the ward bursary appraisal committees for the five sittings during the financial year under review. This was as per the Bursary Act 2014.

**Committee Observations**

The Committee observed that whereas the management clarified that the payment of Kshs. 6,271,880 for lunch and committee allowances was paid as per the SRC job group rate for officers on supervisory duties in the ward and as per the Uasin Gishu County Bursary and Skills Development Support Disbursement Act, 2014, the explanation was provided outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

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

Pursuant to section 7(1) of the Public Audit Act, based on procedures performed by the Auditor General, the following matter formed the basis for conclusion that internal controls, risk management and overall governance were not effective –

1. **Lack of Internal Audit Function for the Fund**

During the year under review, the fund did not have internal audit function or appropriate arrangements for conducting internal audit, contrary to the requirements of Section 155(1)(a) of the Public Finance Management Act, 2012 which states that 'a county government entity shall ensure that it complies with this Act and that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board, and Regulation 153(1)(a) of the Public Finance Management (County Governments) Regulations, 2015'.

In the absence of internal audit function, there is no mechanism for confirming and ensuring effectiveness of governance, transparency and accountability in the management of resources of the fund.

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

**Management Response**

The County has an Internal Audit Function and functional Audit Committee that undertakes audit exercises of the County Bursary and Skills Development Support Fund Disbursement and for all other funds annually.

**Committee Observations**

The Committee observed that the management failed to provide evidence to show that the fund had an Internal Audit Committee in place during the financial year under review.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) - Finance ensures that the Fund puts in place all internal control systems such as the Internal Audit Committee as provided under section 155 (5) of the Public Finance Management Act, Cap.412A, among others to guide the internal operations of the Fund. Further, the County Executive Committee Member (CECM) - Finance to submit evidence of the same to the Auditor General for verification.**

**2. Bursaries and Scholarships-Risk of Duplicated Funding of students**

Included in the statement of financial performance and Note 6 to the financial statements is general expenses amount of Kshs. 121,505,300. The amount relates to scholarships and other educational benefits to various secondary schools, colleges and universities.

However, as reported in the previous years, no documentary evidence was provided for audit to indicate that, in awarding of the bursaries and scholarships, the County Education Fund Committee established whether the students who benefitted were being supported by other donors or funds to avoid duplication of funding. This is contrary to section 22 (44) states that 'any students/applicant being supported by other donors/funds shall not be considered to avoid duplication'.

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

**Management Response**

The County Bursary Committee before awarding of bursaries, communicates through writing to all ward bursary appraisal committees to strictly adhere to section 22(4) of the bursary and skills development support fund disbursement Act 2014 in order to avoid double funding. In addition, the chiefs who are ex-officio members of ward appraisal committees are involved by CDF and other donors to identify needy beneficiaries thus assist the ward bursary appraisal committees to isolate students funded by other donors.

**Committee Observations**

The Committee observed that the management failed to provide evidence to show that the County Education Fund Committee made enquiries to confirm whether the beneficiary students had received funding from other donors to avoid double award.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) in charge of Education ensures that a centralized database with unique identity tracking is implemented to ensure all bursary applicants and recipients are consistently recorded to prevent duplication, and provide a status update on the same during the subsequent audit cycle.**

## CHAPTER THIRTY-SEVEN

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY EDUCATION REVOLVING FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Uasin Gishu County, Hon. Jonathan Bii, EGH, appeared before the Committee on Monday, 15th April, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Uasin Gishu County Bursary and Skills Development Support Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Micah Kipkosgei - CECM-Finance
2. Mr. Antony Sitienei - CECM-Education
3. Mrs. Marion Birgon - Chief Officer-Education
4. Mr. Stephen Kemoi - Fund Administrator-CERF

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor General rendered a **qualified opinion** on the financial statements of the Uasin Gishu County Bursary and Skills Development Support Fund for the financial year based on the following basis-

### 1. Presentation of the Financial Statements

### 1.1 Fund Accountant ICPAK Member Number

The Institute of Certified Public Accountants of Kenya (ICPAK) member number for the fund accountant who signed the financial statements is not indicated in the statement of financial performance, statement of financial position, statement of cash flows and in the statement changes in net assets for the year under review as required by the Public Sector Accounting Standards Board guideline.

**Management Response**

The management noted and acknowledged the query on (ICPAK) member number that there was an oversight on this. Going forward the management commits to comply.

**Committee Observations**

The Committee observed that the financial statements were not prepared in accordance with the the Public Sector Accounting Standards Board guidelines as the statements failed to include the Institute of Certified Public Accountants of Kenya (ICPAK) membership number for the fund accountant who signed them, as required.

**Committee Recommendations**

**The Committee recommends that—**

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

ii. **the Accounting Officer should comply with section 149(2)(b) of the Public Finance Management Act, Cap.412A and section 47(2) of Public Audit Act, Cap.412B in the preparation and management of financial and accounting records, failure to which the provisions of section 62 of the Public Audit Act, Cap.412B and section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

iii. **the National Treasury should enhance awareness and training on changes made to the accounting standards to all public officers handling financial matters in Counties;**

iv. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Trial Balance**

The trial balance reflects a balance brought forward from the previous financial periods of Kshs. 20,574,770. Though Management explained that the balance relates to funds received but not utilized due to changes in schools/colleges calendar as instructed by the National Government due to the effects of the COVID-19 pandemic, no documentary evidence was provided to support the claim.

Further, balance has not been reported in the statement of financial position or the statement of change in the assets.

In the circumstances, the accuracy and completeness if the trial balance could not be confirmed.

**Management Response**

Kshs 20,574,770 was not utilized during that financial year review due Covid-19 pandemic which led to the closure of all learning institutions. The said amount is appearing in the financial position and also trial balance. However, this amount was spent in the subsequent financial year.

In the financial year 2021/2022 the fund received of Kshs. 50,000,000 from exchequer. In addition to this, there was a balance brought forward from FY 2020/2021 of Kshs.20, 574,770 totaling Ksh.70, 574,770. The table below is the statement of financial position, statement of change in the assets and trial balance.

**Committee Observations**

The Committee observed that whereas the management clarified that the balance of Kshs. 20,574,770 was the opening balance for the Financial Year 2021/22 and that the amount did appear in both the statement of financial position and the trial balance, the explanation was provided outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

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

**3. Long-Term Receivable from Exchange Transaction – Current Portion**

i. The statement of financial position reflects long term receivables from exchange transaction and current portion of long-term receivables from exchange transactions balances of Kshs.207, 478,600 and Kshs.69, 101,220 respectively.
However, review of the records revealed that three hundred and fifty six (356) records did not reflect admission numbers, one hundred and eighty one (181) records did not have I.D, thirty six (36) records had irregular I.D numbers, five (5) records indicated that the beneficiary did not have I.D cards but had waiting notifications,

one hundred and thirty nine(139) records did not indicate the Ward where the loan beneficiary resided, ten(10) records contained numeric values rather than the names of Wards where the beneficiaries resided, one hundred and forty four(144) records did not have telephone numbers of the beneficiaries, twenty (20) records contained invalid telephone numbers.

In addition, fourteen (14) beneficiaries of loans amounting to Kshs. 3,798,060, which were duplicated.

Further, the loan amortization schedules provided for audit did not include details such as duration of study and expected maturity date of the loans.

ii. The loan amortization schedules provided for audit indicated that the total loan repayments during the year under review was Kshs.206,300. However, out of this amount, Kshs.59,300 was placed in a suspense account as the fund was unable to identify the loan beneficiaries who deposited the money into the fund's bank account. As at the time of the audit in December, 2022, the Management was yet to identify those who had deposited the money and credit their accounts.

iii. Additional information on interest receivable has not been disclosed under Note 12 to the financial statements.

In the circumstances, the accuracy and completeness of the receivables from exchange transaction balance of Kshs.276, 579,820 could not be confirmed.

**Management Response**

**i.**

**a)** The County acknowledges the anomalies observed. The records have continuously been updated to ensure the anomalies have been rectified as indicated in the schedules attached.

**b)** Loans amounting to KShs. 3,798,060, was advanced to students who previously enrolled for diploma courses in Rift Valley Technical Training Institute and Eldoret National Polytechnic. An advert was done for teacher training course in Kenya school of TVET of which 200 students applied, out of which 14 students who had completed their courses earlier re-applied and benefitted. The anomalies in the amortization schedule have been noted and the corrective actions taken as indicated in the attached schedule.

**ii.**

An amount of Kshs.206,300 indicated as loan repayment was the total sum for the two financial periods under suspense account that is;

| Loan Repayments | Amount |
|---|---|

| | |
|---|---|
| During the FY 2020/2021 | 59,300 |
| During the FY 2021/2022 | 147,000 |
| Total in suspense Account | 206,300 |

The records were sought, reconciliation done for the beneficiaries to enable the anomalies be corrected. An amount of Kshs 191,300 has been amended leaving a balance of Kshs 15,000 which the County is still pursuing.

**iii.**

During the period under review, the Act 2016 had no provision for interest chargeable hence no interest receivable was disclosed in Note 12. However, the amended Act of 2022 approved by the County assembly gave powers to the fund to charge an interest of 1% per annum which was implemented during the FY 2022/2023.

**Committee Observations**

The Committee observed that—

i. whereas the missing details including the names of the beneficiaries, their national identity card numbers and admission numbers among others, were provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.
ii. The management failed to provide evidence to confirm that the fourteen (14) beneficiaries with duplicated names had completed their previous studies and subsequently enrolled in new programs.
iii. The management provided evidence confirming that they successfully identified the loan beneficiaries who deposited a total of Kshs. 44,300 into the fund's bank account leaving a balance of Kshs. 15,000 unidentified.
iv. the fund did not apply interest on the loans provided to students, leading to a reliance on exchequer releases for the fund's sustainability. However, the fund has since introduced interest charges on these loans.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission conducts investigations into the matter and provide a status update on the same within sixty (60) days of the adoption of this report;**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their**

**investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle;**

iii. **the Accounting Officer to put in measures to ensure that the loan beneficiaries of the remaining amount of Kshs. 15,000 are identified and the Auditor-General to provide a status update on the same during the subsequent audit cycle; and**

iv. **the Accounting Officer ensures that all loan beneficiaries are notified of the newly introduced interest charges on their loans within 60 days from the adoption of this report.**

**4. Long Term Receivables From Exchange Transaction**

i. Since the inception of the fund in 2014, the County Education Loans Board has disbursed loans amounting to Kshs.277,224,770 but has only managed to make recoveries of Kshs.644,950 to date. Though the Board has written to the Kenya Revenue Authority (KRA) to assist in locating the whereabouts of the loan beneficiaries and has also written to the Uasin Gishu County government to start payroll deductions from its employees who are loan beneficiaries, the efforts of the Board have not been sufficient to track the beneficiaries who have completed their studies and are in gainful employment but have not yet commenced repaying their loans.

ii. During the year under review, a total of Kshs.69,101,220 was disbursed to beneficiaries bringing the total amount so far disbursed since inception of the Fund to Kshs.277, 224,770. However, review of the student loan application forms reveals that there was no commitment, collateral, security or guarantors securing these loans to ensure the recovery of the loans in the event that students who had completed their studies and obtained gainful employment failed to service their loans.

iii. During the year under review, the Fund disbursed loans amounting to Kshs.69, 101,220 to students in various technical colleges, polytechnics and training institutes. However, the Fund Management did not provide evidence of advertisement announcing the opportunities for loans to students seeking funding and loan application vetting minutes of the Board to determine eligibility of the loan applicants.

In the circumstance, the accuracy and completeness of the long-term receivables balance of Kshs.207, 478,600 as at 30 June, 2022 could not be ascertained.

**Management Response**

The beneficiaries who have completed their studies and obtained gainful employment have started servicing their loans as indicated below:

| FY | Repayment | Amount (Kshs) |
|---|---|---|
| 2020/2021 | Loan repayment | 416,950 |
| 2021/2022 | Loan repayment | 228,000 |
| 2022/2023 | Loan repayment | 682,600 |
| **Total** | | **1,327,550** |

The management acknowledges the finding. The initial Act of 2016 did not provide for guarantor to guarantee the loan to an applicant. An amendment to the Act has been done on Section 12(4 - 9) Act of 2022 to provide for a guarantor and a fine in case a loanee fails to pay. The strategies implemented has enhanced loan repayments from Kshs 644,950 to Kshs.1, 327,550.

County Advertised training opportunities loans to students seeking funding through posters. These posters were placed in public institutions and announcement of the same was done during public barazas.

**Committee Observations**

The Committee observed that—

i. loans amounting to Kshs.226,579820 remained outstanding for an extended period, with some dating back to 2014. The recoverability of these loans is questionable, and management did not outline any concrete measures implemented to facilitate their recovery.
ii. The management clarified that there was no security put against each loan as there was no requirement for the same within the Uasin Gishu County Education Revolving Fund Act, 2016.
iii. whereas the evidence of advertisement announcing the opportunities for loans to students was provided and verified by the Auditor-General, and the query marked as addressed, the submission was done outside the timelines contemplated under the Public Audit Act, Cap.412B and constitutes an offence under section 62(2) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should, within 60 days of the adoption of this report, submit a debtors' schedule to the Auditor-General for verification;**
ii. **the Accounting Officer should within 60 days of the adoption of this report, submit an approved copy of the Debt Management Policy to the Auditor general for verification. The Auditor-General to verify the policy and submit a status update on the same in the subsequent audit cycle;**

iii. **the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding amount with clear timelines. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle; and**

iv. **The Accounting Officer to undertake a detailed analysis of its long outstanding trade receivables and with the Board's approval, write off the irrecoverable debts in line with the Section 130 (2) (d) of the Public Finance Management (County Governments) Regulations, 2015; and**

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

**Other Matter**

**Unresolved Prior Year Auditor issues**

The report of the previous year, several issues were raised under the Report on Financial Statements and Report on unlawfulness and Effectiveness in use of Public Resources. However, Management has indicated that the issues have remained unresolved as Parliament has not deliberated on the same.

**Management Response**

No response.

**Committee Observations**

The Committee observed that the query remains unresolved as the management of the Fund did not take action in resolving the queries raised in the report of the Auditor-General for the financial year 2020/2021.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Ethnic and Gender Composition of the Board

i. The Uasin Gishu County Education Loans Board of nine (9) members appointed by the Governor of Uasin Gishu County for three-year term consisting of seven (7) male members or approximately 78% of the Board and two female members or approximately 22% of the Board and excludes persons with disability, contrary to articles 197(1) of the constitution of Kenya, 2010 which provides that no more than two-thirds of the members of any County Assembly or County Executive committee shall be of the same gender, and Section 8(2) of the Uasin Gishu County Education Revolving Fund Act, 2016 which states that in appointing board members under section 8 (1), the appointing authority shall observe the provision of the constitution regarding gender balances, marginalised persons, minorities, the youth and persons with disability. Further, available information reveals that the composition of Ward Education Revolving Fund committees in the thirty administrative wards has also not complied with the requirements of Article 197(1) of the constitution of Kenya 2010.

ii. The Uasin Gishu county education loans board comprises of nine (9) members appointed by the governor of Uasin Gishu County for three-year term. Eight (8) of the members representing 89% of the Board are from the dominant community in the county while only one (1) member representing 11% of the Board is from the minority communities in the county, contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community. Further, available information reveals that the composition of Ward Education Revolving Fund committees in the thirty administrative wards has also not complied with the requirements of Section 7(1) and 2 of the National Cohesion and Integration Act, 2008.

**Management Response**

County is in cognizant with the provisions of the Constitution of Kenya on National Cohesion and Integration Act 2008, and County Education Revolving Fund Act of 2016 under section 8 (1). In the FY 2022/2023, a new committee was put in place with a composition 5 Male and 4 female, which translates to 55% male, and 45% female respectively.

**County Education Revolving fund Committee**

| Ref | Name | Position |
|---|---|---|
| 1 | Dr. Joel Chelule | Chairman |
| 2 | Dr.Susan Keino | Vice Chairperson |
| 3 | Dr David Kessio | Member /Representative Technical and higher Education |
| 4 | Dr Joseph Lelan | Member |
| 5 | Dr. Stellah Jepngetich Ketter | Member |
| 6 | Abigael mukosi | Member representing youth |
| 7 | Peter Kiarie | Member representing minority |
| 8 | Esther Jepchirchir | Member representing person with Disability |

The new committee that was put in place in the financial year 2022/2023 comprises of 2 members from other communities and 7 members from the dominant community. Going forward the County is geared to fully comply with the said provisions.

**Committee Observations**

The Committee observed that—

i. the membership of the County Education Loans Board was reconstituted in 2023 and is now in compliance with Article 197(1) of the Constitution of Kenya, 2010 and Section 8 (1) of Uasin Gishu County Education Revolving Fund Act, 2016, therefore, the query was addressed.
ii. 89% of the membership of the County Education Loans Board originated from the dominant community in the county contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008.

**Committee Recommendations**

**The Committee recommends that—**

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

## 2. Transfers from the County Government

The statement of financial performance for the year under review reflects transfers from the county government amount of KShs. 1,500,000 for the Fund's operations. This is in contravention to Section 197(1) (e) of the Public Management (County Governments) Regulations, 2016 which states that the County Executive Committee Member responsible for the county government entity functions shall confirm in writing that the establishment of the Fund and its continued existence will not depend on annual financing from the county exchequer.

**Management Response**

The County acknowledges the observation. Kshs. 1,500,000 was placed in the column of transfer from the County whereas it was administration cost. The anomaly was noted and corrected in the subsequent financial year.

**Committee Observations**

The Committee observed that the fund received Kshs. 1,500,000 from the County Government for its operations, highlighting its reliance on exchequer releases for sustainability.

**Committee Recommendations**

**The Committee recommends that the Accounting Officer should, within 60 days of the adoption of this report, put in place recovery measures for the outstanding loan amounts with clear timelines to ensure the fund's self-sustainability. The Auditor-General should review the implementation of the measures put in place provide a status update on the matter in the subsequent audit cycle.**

### 3. Ward Committees

The Ward Education Revolving Fund Committees, appointed by the County Education Loans Board and which comprise of seven (7) members in each of the thirty (30) wards of the Uasin Gishu county, are responsible for advertising loan opportunities for students, receiving and vetting loan applications, determining the eligibility of loan applicants and such other incidental duties. However, the final list of persons appointed to the Ward Committee and the approval of the County Executive Committee Member for the time being in charge of education approving those lists was not provided for audit contrary to the provisions of Section 14{4} of the Uasin Gishu County Education Revolving Fund Act, 2016 {amended 2022} which states that the County Executive Committee Member for the time being in charge of education shall approve the final list of appointed persons within five {5} days from the date of receipt.

**Management Response**

County acknowledges the observations and regrets the delay in appointing the ward committee. During the period under review, the fund used the ward bursary fund appraisal committee to get the applicants. However, the County is in the process of appointing the ward committee members for the revolving fund.

**Committee Observations**

The Committee observed that the County Executive Committee Member (CECM) in charge of Education failed to approve the appointment of ward committee members contrary to section 14 of the Uasin Gishu County Education Revolving Fund Act, 2016.

**Committee Recommendations**

**The Committee recommends that the County Executive Committee Member (CECM) in charge of Education ensures strict compliance with the provisions of section 14 of the Uasin Gishu County Education Revolving Fund Act, 2016 with regards to the appointment of the ward committee members, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

### 4. Tenure of the County Education Loans Board

The Uasin Gishu county education loans board comprises of nine (9) members appointed by the Governor of the County of Uasin Gishu on the recommendation of the County Executive Committee member at the time responsible for Education with the

approval of the County Assembly. It was observed that the Board was appointed on 15 may, 2019 for a period of three (3) years, ending on 14 May, 2022. Out of the original nine (9) members, four (4) were reappointed, together with another three (3) persons, to the Board on 18 July, 2022 for a period of three 3) years, ending on July, 2025. As a result, the Board was in office between 15 may, 2022 and 17 July, 2022 without proper appointment.

**Management Response**

The management acknowledges the finding and has since regularized the appointment

**Committee Observations**

The Committee observed that the County Education Loans Board members continued to perform their duties despite the expiration of their tenures, however, the members of the Board have since been reappointed.

**Committee Recommendations**

**Noting the mitigation measures taken, the Committee recommends that the query be marked as resolved.**

## CHAPTER THIRTY-EIGHT

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR VIHIGA COUNTY EDUCATION FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Vihiga County, Hon. DR. Wilber Ottichilo E.G.H, appeared before the Committee on Tuesday, 18th June 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Vihiga County Education Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Dr. Ruth Agesa - CECM-Education
2. CPA Keverenge Joseph - CO Planning and Budget
3. Mr. Dominic Lwaro - Chief Officer Education
4. Mr. Felix Mugalitsi - Fund Administrator Education

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **adverse opinion** on the Financial Statements of the Vihiga County Education Fund for the period under review on the following basis-

### 1. Unsupported Scholarship Expenses

The statement of financial performance reflects scholarship expenses amounting to Kshs. 16,963,210 comprised of scholarship shopping of Kshs. 15,036,000 and scholarship administration amount of Kshs. 1,927,210 as disclosed in Note 2(b) to the financial statements. However, management did not provide for audit verification the criteria used in identifying the beneficiaries for scholarship shopping. In addition, it was revealed that girls got scholarships at the rate of Kshs. 7,000 while boys at Kshs. 6,000 whose justification was not provided for audit.

Further, the expenditure on the administration of the bursary shopping constituted an unjustifiable high percentage of 11% of the total scholarship expenses.

**Management Response**

The management had provided the scholarship policy guidelines that contains the criteria that was used to identify the beneficiaries to the auditor for review. Nevertheless, the same is still available for further verification.

The minutes showing the justification of allocation of Kshs. 7,000 and Kshs. 6,000 to girls and boys respectively is also available for your verification as minute.

**Committee Observations**

The Committee observed that—

i. The scholarship fund includes shopping money for the beneficiaries
ii. Administration of the bursary shopping constituted 11% of the fund expenses which is contrary to the law.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
ii. **the policy on including shopping money should be included in the bursary fund regulations alongside with the criteria for allocating funds; and**
iii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**2. Unsupported Scholarship fees**

The statement of receipts and payments reflects fees of Kshs. 25,289,475 as disclosed under Note 2(c) to the financial statements. However, the expenditure was not supported by applications, minutes of approval and acknowledgement receipts from the learning institutions.

**Management Response**

The beneficiaries' identification minutes for fund disbursement and bank statement showing the payment made to the learning institutions were available for verification at the time of audit. However, the same is still available for review.

**Committee Observations**

The Committee observed that the beneficiaries' identities and acknowledgment receipts were later provided for audit review.

**Committee Recommendations**

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

### 3. Unsupported Bursary Disbursements

The statement of receipts and payments reflects transfers to wards of Kshs. 73,650,000 comprised of ward administration cost of Kshs. 71,750,000 respectively as disclosed in Note2 (d) to the financial statements. However, the bursary disbursements of Kshs. 71,750,000 were not supported by acknowledgment receipts form the beneficiary learning institutions.

In addition, all the twenty-five wards received an equal disbursement of Kshs. 2,962,000 as disclosed in Note 6(d) to the financial statements. However, management did not provide explanation as to why the wards got equal amounts considering the unique demographic, economic and other social factors that determine grant of bursaries.

**Management Response**

The bank statement showing the monies disbursed to the learning intuitions are available for further verification.

The equal disbursement of Kshs. 2,962,000 to Wards were as a result of board minutes which the fund management based on in allocating the funds.

**Committee Observations**

The Committee observed that—

i. whereas management provided bank statement showing disbursement amounting to Kshs. 71,750,000 and was verified by the auditors, the submission was outside the timelines and constitutes an offense.
ii. equal disbursement of Kshs. 2,292,000 was guided by board minutes of the fund management.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Fund Management should develop a policy that guides on bursary disbursements based on the demography and needs of students in the different wards in Vihiga County; and**

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

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

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

### 1. Irregular Payment of Meal Allowances

The statement of financial performance reflects administrative expenses of Kshs. 997,220 which includes expenditure on lunch allowance of Kshs. 211,000 as disclosed in Note 2(a) to the financial statements. However, review of records revealed that the lunch allowances were paid at the rates between Kshs. 2,200 and Kshs. 4,000. This is contrary to section C 17(1) of the Human Resource Policies and Procedures manual for the Public Service, 2016, which states that meal allowance shall be paid at the rate of 15% for breakfast, 20% for lunch and 20% for dinner of the daily subsistence rate applicable.

**Management Response**

The management acknowledges the auditor's observation on the above subject matter, however, the management has adhered to the human resource policies of meal allowances in the subsequent Financial Year of reporting.

**Committee Observations**

The Committee observed that lunch allowances were being paid at rates between Kshs. 2,200 and Kshs. 4,000 instead of the rates recommended by the SRC under Section C 17(1) of the Human Resource policies and Procedures manual for the Public Service, 2016. Management has since adhered to the polices.

**Committee Recommendations**

**The Committee recommends that management should ensure strict adherence to section C 17(1) of the Human Resource policies and Procedures manual for the Public Service, 2016 and use the prescribed rates when giving lunch allowances.**

## 2. Irregular Advances to the Department of Education

The statement of financial position reflects receivables from exchange transactions of Kshs. 1,476,900 as disclosed in Note 4 to the financial statements. Review of documents provided for audit showed that the amount of Kshs. 814,900 was advanced to the Chief Officer, Department of Education as a borrowing from the fund. However, Management did not provide for audit review departmental request for financing and approval by the Fund Management Oversight Committee specifying its terms and conditions. This is contrary to the main section 3 of the Vihiga county Education Fund Act, 2014, which provides that the main objectives of the Fund are to assist needy and bright children to advance higher education.

**Management Response**

The request letter from the department of Education by the Chief Officer was received and approved by the oversight committee via minutes. Nevertheless, the same was refunded to the fund account.

**Committee Observations**

The Committee observed that whereas the request letter for financing the Chief Officer with Kshs. 814,900 was provided for audit review, this was contrary to section 3 of the Vihiga County Education Act, 2014.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Fund Management should ensure strict adherence to section 3 of the Vihiga County Education Act, 2014 and assist needy and bright students to advance to higher education, failure to which the provisions of section 21 of the Public Finance Management Act on penalties for offences shall apply; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their**

**investigation and prosecution in accordance with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

## CHAPTER THIRTY-NINE

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR WAJIR COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of Wajir County, Hon. FCPA Ahmed Abdullahi, EGH, appeared before the Committee on Monday, 22th April, 2024 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Wajir County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by the following officers:

1. Mr. Mohamed Hussein - CECM Finance
2. Mr. Hillow Issack - County Secretary
3. Mr. Issa Kuresh - Fund Administrator

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **qualified opinion** on the financial statements of the Wajir County Bursary Fund for the financial year based on the following basis-

### 1. Exceeded Expenditure Limit on Administration Expenses

During the year under review the Management spent an amount of Kshs.6,074,930 on Fund administration expenses which was 6% of the approved income budget of Kshs.100,000,000. This was contrary to Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 which states that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budget of the Fund.

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

### Management Response

The Fund sincerely regrets the anomaly and undertakes to adhere strictly with compliance issues in subsequent Financial Years.

In this respect, the Fund during the Financial Year 2022-2023 had an approved budget of Kshs. 151,264,738 and spent Kshs.4,543,432 on administration expenses being 3% of the approved budget hence compliance to Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

**Committee Observations**

The Committee observed that the Fund's administration expenses for the financial year under review exceeded the 3% limit of the total budget, as stipulated in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**
ii. **the Accounting Officer should comply with regulation 42(1)(b) of the Public Finance Management (County Government) Regulations, 2015 on exerting budgetary control measures, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences shall apply.**

**2. Failure to Enact Bursary Fund Regulations**

The Wajir County Bursary Fund Act, 2019 which established the Fund was assented to on 11 April, 2019. As at 30 November, 2022 when the audit was concluded, the Fund's Regulations which are provided for under Section 32(3) of the Act had not been prepared and approved by the County Assembly.

In the circumstances the Management was in breach of Law.

**Management Response**

In light of the above audit finding regarding the delay in developing the Fund regulations as required, the management acknowledges the importance of adhering to regulatory timelines.

The Fund has developed the County Bursary Fund Regulations, 2023 that was approved by the County Assembly in conformity with the Wajir County Bursary Fund Act, 2019.

**Committee Observations**

The Committee observed that the Fund operated without Fund Regulations in place as at the time of audit, however, the County Bursary Fund Regulations, 2023 have since been developed and approved therefore, the query was addressed.

**Committee Recommendations**

**Noting the mitigation measures taken by the County Government, the Committee recommends that the query be marked as resolved.**

## CHAPTER FORTY

## REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR WEST POKOT COUNTY BURSARY FUND FOR THE FINANCIAL YEAR 2021/2022

The Governor of West Pokot County, Hon. Simon Kachapin CBS, EGH, appeared before the Committee on Thursday, 16th May 2024, to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the West Pokot County Bursary Fund for the financial year 2021/2022. The Governor was accompanied by:

1. Mr. Joshua Rutto - CECM-Finance/Economic Planning
2. Mrs. Rebecca Kide - CECM-Education
3. Mrs. Chebbet Munyo - Chief Officer-Finance/Economic Planning
4. Mr. Lokituman Julius - Chief Officer Education and ECD

## REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **adverse opinion** on the Financial Statements of the West Pokot County Bursary Fund for the period under review on the following basis-

### 1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs. 4,831 as disclosed in Note 11 to the financial statements. The cashbook was updated using cheques paid as no payment vouchers were prepared with details of the names and number of students for whom bursary was paid. The cashbook was not ruled daily and checked by a responsible official. The officer maintaining the cashbook was also the one doing bank reconciliation statements hence no separation of roles as a control. In addition, bank statements for the month of July and August 2021 were not provided for audit review to confirm continuity of bank balances. In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents could not be confirmed.

**Management Response**

The current management cannot give a response to the query above since all documents pertaining to the Bursary Fund for the Financial year's 2017 to 2022 were requested and submitted to the Ethics and Anti-Corruption Commission vide a letter dated 26th January 2022 requesting for all Bursary related documents from July 2017 to January 26th 2022. An inventory of the documents submitted on 3rd February 2022 was attached. The matter is under active investigation by EACC.

**Committee Observations**

The Committee observed that—

i. Documents pertaining to the Bursary Fund for the Financial years 2017-2022 were submitted to the EACC for investigations. However, the management did not provide the schedule of documents taken by EACC.
ii. Management failed to provide details of the students to whom bursaries were paid.
iii. Bank statement for July and August 2021 were not provided for audit.
iv. There was no separation of roles as a measure of control as the officer maintaining the cashbook was also the one doing the bank reconciliations.

**Committee Recommendations**

**The Committee recommends that—**

i. **the EACC to provide a status update on the matter to the Committee within thirty (30) days of the adoption of this report;**
ii. **the Accounting Officer should strengthen internal audit controls and ensure proper record keeping in line with section 155 of the Public Finance Management Act, Cap.412A and submit a quarterly report to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap.412A, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**
iii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act in the subsequent audit cycle; and**
iv. **the Accounting Officer should ensure strict compliance with the provisions of regulation 90 (1) of Public Finance Management (County Government) Regulations 2015 with respect to monthly reconciliation of bank statements, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply.**

**2. Unsupported and Irregular Cash Withdrawals**

The statement of financial position reflects cash and cash equivalents total of Kshs. 4,831 as disclosed in Note 11 to the financial statements. Examination of the Bursary, Education Development and Infrastructure Fund bank statements maintained at a local

bank revealed that there were irregular direct cash withdrawals totaling to Kshs. 111,110,000 which the Management failed to explain or support. The counterfoil cheques relating to the cash withdrawals were not provided for audit review and as a result it was difficult to confirm the purpose of the cash withdrawals. Further, no contra entries were made in the cashbook to show how the cash withdrawals were subsequently paid out or other supporting documentation on who was paid the sums withdrawn in cash.

In addition, there were multiple cash withdrawals made on single day on different dates most of which were over Kshs. 1,000,000 per transaction. This was contrary to the Banking Circular No 1 of 2016 of the Central Bank of Kenya, and Regulations, 31 of the Proceeds of Crime and Anti-Money Laundering Regulations, 2013 which requires institutions to obtain written statements from customers confirming that the nature of their business activities normally and reasonably generates substantial amounts of cash to support large, frequent or unusual cash deposit or withdrawals. In the circumstances, the validity of the cash withdrawals could not be confirmed.

**Management Response**

The current management is unable to provide a response to the findings of the Auditor General. The matter is under investigation with Ethics and Anti-Corruption Commission. Find attached a letter dated 2nd March 2022 stating that to facilitate the investigation of withdrawal of monies from the Bursary Fund account at Equity Bank Kapenguria branch, EACC requests all original payment vouchers and supporting documents

**Committee Observations**

The Committee observed that—

i. The matter is under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.
ii. Management did not provide supporting documentation relating to cash withdrawals of Kshs. 111,110,000.
iii. No contra entries were made in the cashbook to show how the cash withdrawals were subsequently paid out.
iv. There were multiple fraudulent cash withdrawals made on single day on different dates over Kshs. 1,000,000 per transaction which was contrary to the Banking Circular No 1 of 2016 of the Central Bank of Kenya, and Regulations, 31 of the Proceeds of Crime and Anti-Money Laundering Regulations, 2013.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) to provide a status update on the matter to the Committee within thirty (30) days of the adoption of this report;**
ii. **that the accounting officer should regularly update the cashbook with regards to regulation 90(3) of the Public Finance Management (County Governments) Regulations, 2015 and ensure reconciliations are done; and**
iii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, failure to which the Committee shall recommend for their investigation and prosecution in line with section 62 (2) of the Public Audit Act.**

### 3. Unaccounted for Expenditure

The statement of financial performance reflects use of goods and services total of Kshs.112,661,375 as disclosed in Note 7 to the financial statements. However, no documentation was provided to support the expenditure totaling to Kshs.112,661,375. This was contrary to Section 104(1) Public Finance Management (County Governments) 2015 which stipulates that all receipts and payment vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation. In the circumstances, the Management was in breach of the law and the accuracy and validity of the expenditure of Kshs.112,661,375 could not be ascertained.

**Management Response**

The current management concurs with the findings of the Auditor General. The matter is under investigation with Ethics and Anti-Corruption Commission.

**Committee Observations**

The Committee observed that management did not provide documentation to support the expenditure of Kshs. 112,661,375 and that the matter was under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**

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

### 4. Unsupported Bursary Payments

The statement of financial performance reflects expenditure on disbursement to bursaries and infrastructure of Kshs. 460,434,944 as disclosed in Note 6 to the financial statements. This expenditure however includes bursary payments totalling to Kshs. 25,332,500 which were not supported by complete lists of beneficiaries. In the circumstances, the completeness and occurrence of the bursary payments of Kshs. 25,332,500 could not be confirmed.

**Management Response**

The current management concurs with the findings of the Auditor General. The matter is under investigation with Ethics and Anti-Corruption Commission.

**Committee Observations**

The Committee observed that bursary disbursement of Kshs. 25,332,500 were not supported by full list of beneficiaries. The matter was under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**

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

### 5. Payments Made to Undisclosed Schools/Beneficiaries

The statement of financial performance reflects expenditure on disbursement and infrastructure of Kshs. 460,434,944 as disclosed in Note 6 to the financial statements. This included Kshs. 74,432,444 sent to schools whose identities/ names were not disclosed. In the circumstances, the accuracy and occurrence of the bursary payments of Kshs.74,432,444 could not be confirmed.

**Management Response**

The current management is not in a position to give a response since supporting documents relating to the expenditure were requested and submitted to Ethics and Anti-Corruption Commission for investigation.

**Committee Observations**

The Committee observed that Kshs. 74,432,444 was sent to schools whose names were not disclosed. The matter was under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**

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

### 6. Bursary Payment to Incomplete Peace Border Schools

The statement of financial performance reflects disbursements to bursary and infrastructure beneficiaries of Kshs. 460,434,944 as disclosed in note 6 to the financial statements. Included in the expenditure was disbursement of Kshs. 3,640,000 and Kshs. 1,300,000 as bursaries to two peace border schools. However, physical verification done in November 2022 revealed that the schools were still under construction and were yet to admit any students. In the circumstances, the existence and occurrence of the payment of Kshs. 4,940,000 as bursary could not be confirmed.

**Management Response**

The current management is not in a position to give a response since supporting documents relating to the expenditure were requested and submitted to Ethics and Anti-Corruption Commission for investigation.

**Committee Observations**

The Committee observed that Kshs. 4,940,000 was disbursed to two peace border schools that were still under construction and were yet to admit any students. The matter was under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**7. Irregular Expenditure**

The statement of financial position reflects cash and cash equivalents of Kshs. 4,831 as disclosed in Note 11 to the financial statements. However, examination of the Fund's bank statements maintained at a local bank revealed that cheques totaling to Kshs. 3,247,000 had bounced as result of insufficient funds in the bank account resulting to penalties of Kshs.180,000 which could have been avoided had appropriate cashflow management measures been put in place as per Regulation 82(7) of Public Finance Management (County Governments) Regulations, 2015 which stipulates that no official county government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit authorized by the County Treasury in line with Section 119(4) of the Act.

In the circumstances, the Management were in breach of the law and regulations.

**Management Response**

The management is not in a position to give a response since supporting documents relating to the expenditure were requested and submitted to Ethics and Anti-Corruption Commission for investigation.

**Committee Observations**

The Committee observed that cheques worth Kshs. 3,247,000 had bounced as result of insufficient funds in the bank account resulting to penalties of Kshs.180,000 which was contrary to County Treasury in line with Section 119(4) of the Act.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**8. Irregular Bursary Payments**

Included in the disbursements to bursary and infrastructure amount of Kshs. 460,434,944 was Kshs. 3,360,000 paid to schools for students who had completed school long before the bursary support was disbursed while Kshs. 950,000 was paid for persons who were not bonafide students of the respective schools to which the amounts were sent and the bursary money was still lying idle in the respective schools' accounts. No explanation was provided for these anomalies. Further, the criteria used to identify the bursary beneficiaries, vetting reports and minutes from the county and ward bursary committees indicating how the beneficiaries were identified; and acknowledgements in form of official receipts from the respective institutions confirming receipt of bursary disbursements were not provided for audit review. In the circumstances, validity of disbursement to bursaries and infrastructure totalling Kshs. 4,310,000 could not be confirmed.

**Management Response**

The current management is not in a position to give a response since supporting documents relating to the expenditure were requested and submitted to Ethics and Anti-

Corruption Commission for investigation. However, to ensure that the Bursary and Infrastructure funds are implemented without any fraudulent loss under the management, they currently adhere to strict guidelines from advertisement for bursary applications to obtaining returns from each school through a signed acknowledgement and schedule of beneficiaries. Management attached the guidelines currently used to ensure compliance at each stage.

**Committee Observations**

The Committee observed that—

i. Kshs. 3,360,000 was paid to schools for students who had completed school while Kshs. 950,000 was paid to persons who were not students of respective schools thus the money was lying idle in the respective school's accounts.
ii. Criteria used to identify the bursary beneficiaries were not provided for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**
ii. **the Accounting Officer should ensure timely submission of documents during the audit process in line with section 9(1)(e) of the Public Audit Act, Cap.412B failure to which the Committee shall recommend for their investigation and prosecution in line with section 62(2) of the Public Audit Act in the subsequent audit cycle.**

**OTHER MATTER**

**1. Unresolved Prior Year Matters**

The audit report for the year ended 30 June, 2021 highlighted various issues on the report on financial statements presented for audit and the report on lawfulness in use of public resources. Although Management has indicated in the report on progress made in follow up of auditor's recommendations that the matters were resolved immediately, the actual status of the matters will be confirmed after they are discussed by the Legislature

**Management Response**

The unresolved prior year audit matters were not resolved.

**Committee Observations**

The Committee observed that the management had not resolved the issues raised by the auditors in the previous financial year.

**Committee Recommendations**

**The Committee recommends that—**

i. **the Accounting Officer should resolve any issues resulting from an audit that remains outstanding as required by section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the provisions of section 199 of the Public Finance Management Act on penalties for offences may apply; and**

ii. **the Auditor-General provides a status update on the progress made on the matter in the subsequent audit cycle upon review of the progress report.**

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

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

### 1. Expenditure Beyond the Budget Ceiling

The statement of financial performance reflects use of goods and services total of Kshs. 112,661,375 as disclosed in Note 7 to the financial statements. Review of the documents provided for audit revealed that the Fund budget for general expenses was Kshs. 17,253,000. However, the Fund management spent Kshs. 112,661,375 on general expenses representing 653% of the budgeted amount. This was contrary to the Regulation 195(1) (d) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budget of the Fund.

In the circumstances, Management was in breach of law.

**Management Response**

The management concurs with the findings of the Auditor General and is not in a position to give any additional response as the supporting documents were requested and submitted to EACC for investigation.

**Committee Observations**

The Committee observed that the management spent more than 3% of the approved budget of the fund by spending Kshs. 112,661,375 instead of Kshs. 17,253,000. The matter was under investigation by the EACC. However, the management did not provide the schedule of documents taken by EACC.

**Committee Recommendations**

**The Committee recommends that;**

i. **the Accounting Officer to ensure strict compliance with regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 with regards to the set limit on the Fund's administration costs, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply;**

ii. **the Ethics and Anti-Corruption Commission (EACC) provides a status update to the Senate on the findings of the investigations within 60 days of the adoption of this report; and**

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

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

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

### 1. Missing Counterfoil Cheque Books

The statement of financial position reflects cash and cash equivalents total of Kshs. 4,831 as disclosed in Note 11 to the financial statements. However, it was noted that the Fund management did not maintain a cheque book register to account for the used and unused cheque books. It was not possible to physically check the bursary cheque books to confirm existence, continuity of issue out and control as only two (2) used cheque books were provided leaving approximately fifty-two (52) cheque books unaccounted for which is contrary to Section 118(2) of the Public Finance Management Act, 2015

which stipulate that accountable documents whether manual or electronic shall be under strict control at all times.

In the circumstances, Management were in breach of law, and control over the use of cheque books could not be ascertained.

**Management Response**

The current management concurs with the findings of the Auditor General. There are no cheque books or counterfoils for the period under review in the custody of the current management.

**Committee Observations**

The Committee observed that 52 cheque books were unaccounted for as they were not provided for audit review.

**Committee Recommendations**

**The Committee recommends that—**

i. **the management should adhere to Section 118(2) of the Public Finance Management Act, 2015 which stipulate that accountable documents whether manual or electronic shall be under strict control at all times, failure to which the provisions of section 199 of the Public Finance Management Act, Cap.412A on penalties for offences shall apply; and**

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

**2. Board of Survey Report**

There was no evidence of appointment of the Board of Survey at the close of the financial year, to examine and verify cash on hand and bank balances as at the last working day of the financial year. There was therefore no assurance that the cash and bank balances reported as at 30 June, 2022 were confirmed to exist.

**Management Response**

The management is not in a position to give a response since there is no evidence that a Board of Survey was appointed during the period under review.

**Committee Observations**

The Committee observed that the management had not appointed a Board of Survey to verify cash on hand and bank balances during the period under review.

**Committee Recommendations**

**The Committee recommends that the current management appoints a new and competent Board of Survey to examine and verify the Fund's cash and bank balances and other assets.**

# APPENDICIES

# ANNEX I: MINUTES OF THE COMMITTEE

**13TH PARLIAMENT 3RD SESSION**

**MINUTES OF THE TWO HENDRED AND TWENTIENT SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE REPORTS ON THE SCRUTINY OF THE AUDITOR-GENERAL'S REPORTS ON BURSARY FUNDS IN COUNTIES, HELD ON WEDNESDAY, 6TH NOVEMBER, 2024 AT PRIDE INN HOTEL, MACHAKOS COUNTY AT 9.30 A.M.**

**PRESENT**

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

**ABSENT WITH APOLOGY**

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

**SECRETARIAT**

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

**IN ATTENDANCE**

**A. OFFICE OF THE AUDITOR GENERAL**

1. Mr. Mark Gachanja - Liaison Officer

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

1. Ms. Nancy Kendi - Liaison Officer

**C. OFFICE OF THE NATIONAL TREASURY**

1. Dr. Jackson Ndungu - Liaison Officer

**MIN. NO. SEN/CPICSF/10249/2024 PRAYER**

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

**MIN. NO. SEN/CPICSF/10250/2024 ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Miraj Abdillahi Abdulrahman, MP and seconded by Sen. (Prof.) Tom Odhiambo Ojienda, MP, as follows –

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

**MIN. NO. SEN/CPICSF/10251/2024 CONSIDERATION OF THE DRAFT REPORTS OF THE AUDITOR-GENERAL ON VARIOUS BURSARY FUNDS IN COUNTIES**

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

| NO | BURSARY FUND | COUNTY |
|---|---|---|
| 1. | Baringo County Education Bursary And Scholarship Fund | Baringo |
| 2. | Bomet County Bursary Fund | Bomet |
| 3. | Bomet County Education Revolving Fund | Bomet |
| 4. | Bungoma County Education Support Scheme | Bungoma |
| 5. | Elgeyo Marakwet County Education Fund | Elgeyo Marakwet |
| 6. | Garissa County Scholarship Fund | Garissa |
| 7. | Homa Bay County Bursary Fund | Homabay |
| 8. | Kajiado County Bursary Grants and Scholarship Fund | Kajiado |

| | | |
|---|---|---|
| 9. | Kericho County Bursary Fund | Kericho |
| 10. | Kiambu County Education Bursary Fund | Kiambu |
| 11. | Kilifi Ward Scholarship Fund | Kilifi |
| 12. | Kirinyaga County Education Bursary Fund | Kirinyaga |
| 13. | Kisii County Bursary Fund | Kisii |
| 14. | Kwale County Bursary Fund | Kwale |
| 15. | Laikipia County Bursary Fund | Laikipia |
| 16. | Lamu County Bursary And Scholarship Fund | Lamu |
| 17. | Machakos County Bursary Fund | Machakos |
| 18. | Makueni County Bursary Fund | Makueni |
| 19. | Mandera County Education Bursary Fund | Mandera |
| 20. | Marsabit County Education Fund Migori | Marsabit |
| 21. | County Ward Development Fund | Migori |
| 22. | Mombasa County Elimu Fund | Mombasa |
| 23. | Nakuru County Bursary Fund | Nakuru |
| 24. | Nandi County Education Fund | Nandi |
| 25. | Narok County Bursary Fund | Narok |
| 26. | Nyamira County Education Bursary Fund | Nyamira |
| 27. | Nyandarua County Bursary Fund | Nyandarua |
| 28. | Nyeri County Elimu Fund | Nyeri |
| 29. | Samburu County Bursary Fund | Samburu |
| 30. | Siaya County Education Bursary Fund | Siaya |
| 31. | Taita Taveta County Education Fund | Taita Taveta |
| 32. | Tana River County Ward Bursary Fund | Tana River |
| 33. | Tharaka Nithi County Bursary Development Fund | Tharaka Nithi |
| 34. | Trans Nzoia County Elimu Bursary Fund | Trans Nzoia |
| 35. | Turkana County Education And Skills Development Fund | Turkana |
| 36. | Uasin Gishu County Bursary And Skills Development Support Fund | Uasin Gishu |

| | | |
|---|---|---|
| 37. | Uasin Gishu County Education Revolving Fund | Uasin Gishu |
| 38. | Vihiga County Education Fund | Vihiga |
| 39. | Wajir County Bursary Fund | Wajir |

The Committee made amendments and directed the secretariat to incorporate the same into the reports and present the aforementioned reports for further considerations in the following day.

**MIN. NO. SEN/CPICSF/10252/2024 ANY OTHER BUSINESS**

There was no any other business.

**MIN. NO. SEN/CPICSF/10253/2024 DATE OF NEXT MEETING & ADJOURNMENT**

The Chairperson adjourned the meeting at twenty minutes to two o'clock in the afternoon. The next meeting would be on Wednesday, 6th, November 2024 at 3:00 pm.



**2/12/2024**

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

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

## 13TH PARLIAMENT 3RD SESSION

**MINUTES OF THE TWO HUNDRED AND TWENTY SECOND SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE REPORTS ON THE SCRUTINY OF THE AUDITOR-GENERAL'S REPORTS ON BURSARY FUNDS AND HOSPITALS IN COUNTIES HELD ON THURSDAY, 7TH NOVEMBER, 2024 AT PRIDE INN HOTEL, MACHAKOS COUNTY AT 11.00 A.M.**

**PRESENT**

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

**ABSENT WITH APOLOGY**

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

**SECRETARIAT**

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

**IN ATTENDANCE**

**A. OFFICE OF THE AUDITOR GENERAL**

1. Mr. Mark Gachanja - Liaison Officer

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

1. Ms. Nancy Kendi - Liaison Officer

**C. OFFICE OF THE NATIONAL TREASURY**

1. Dr. Jackson Ndungu - Liaison Officer

**MIN. NO. SEN/CPICSF/10259/2024 PRAYER**

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

**MIN. NO. SEN/CPICSF/10260/2024 ADOPTION OF THE AGENDA**

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

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

**MIN. NO. SEN/CPICSF/10261/2024 CONSIDERATION OF THE DRAFT REPORTS OF THE AUDITOR-GENERAL ON BURSARY FUNDS ANDVARIOUS HOSPITALS IN COUNTIES**

The Committee considered the draft reports on the scrutiny of Auditor-General's reports on financial statements of bursary funds and hospitals in counties as follows-

**A. HOSPITALS**

| No. | Hospital | County |
|---|---|---|
| 1. | Kapsabet County Referral Hospital | Nandi |
| 2. | Karatina Sub County Hospital | Nyeri |
| 3. | Kilifi Health Improvement Fund | Kilifi |
| 4. | Kinango Sub-County Hospital | Kwale |
| 5. | Kwale Sub County Hospital | Kwale |
| 6. | Longisa County Referral Hospital | Bomet |
| 7. | Lunga Lunga Sub County Hospital | Kwale |
| 8. | Migori County Level 4 Hospital | Migori |
| 9. | Msambweni Sub-County Hospital | Kwale |
| 10. | Mt. Kenya Sub County Hospital | Nyeri |

| | | |
|---|---|---|
| 11. | Mukurweini Sub County Hospital | Nyeri |
| 12. | Othaya Sub County Level 4 Hospital | Nyeri |

**B. BURSARY FUNDS**

| NO | BURSARY FUND | COUNTY |
|---|---|---|
| 1. | Baringo County Education Bursary And Scholarship Fund | Baringo |
| 2. | Bomet County Bursary Fund | Bomet |
| 3. | Bomet County Education Revolving Fund | Bomet |
| 4. | Bungoma County Education Support Scheme | Bungoma |
| 5. | Elgeyo Marakwet County Education Fund | Elgeyo Marakwet |
| 6. | Garissa County Scholarship Fund | Garissa |
| 7. | Homa Bay County Bursary Fund | Homabay |
| 8. | Kajiado County Bursary Grants and Scholarship Fund | Kajiado |
| 9. | Kericho County Bursary Fund | Kericho |
| 10. | Kiambu County Education Bursary Fund | Kiambu |
| 11. | Kilifi Ward Scholarship Fund | Kilifi |
| 12. | Kirinyaga County Education Bursary Fund | Kirinyaga |
| 13. | Kisii County Bursary Fund | Kisii |
| 14. | Kwale County Bursary Fund | Kwale |
| 15. | Laikipia County Bursary Fund | Laikipia |
| 16. | Lamu County Bursary And Scholarship Fund | Lamu |
| 17. | Machakos County Bursary Fund | Machakos |
| 18. | Makueni County Bursary Fund | Makueni |
| 19. | Mandera County Education Bursary Fund | Mandera |
| 20. | Marsabit County Education Fund Migori | Marsabit |
| 21. | County Ward Development Fund | Migori |
| 22. | Mombasa County Elimu Fund | Mombasa |
| 23. | Nakuru County Bursary Fund | Nakuru |

| | | |
|---|---|---|
| 24. | Nandi County Education Fund | Nandi |
| 25. | Narok County Bursary Fund | Narok |
| 26. | Nyamira County Education Bursary Fund | Nyamira |
| 27. | Nyandarua County Bursary Fund | Nyandarua |
| 28. | Nyeri County Elimu Fund | Nyeri |
| 29. | Samburu County Bursary Fund | Samburu |
| 30. | Siaya County Education Bursary Fund | Siaya |
| 31. | Taita Taveta County Education Fund | Taita Taveta |
| 32. | Tana River County Ward Bursary Fund | Tana River |
| 33. | Tharaka Nithi County Bursary Development Fund | Tharaka Nithi |
| 34. | Trans Nzoia County Elimu Bursary Fund | Trans Nzoia |
| 35. | Turkana County Education And Skills Development Fund | Turkana |
| 36. | Uasin Gishu County Bursary And Skills Development Support Fund | Uasin Gishu |
| 37. | Uasin Gishu County Education Revolving Fund | Uasin Gishu |
| 38. | Vihiga County Education Fund | Vihiga |
| 39. | Wajir County Bursary Fund | Wajir |

The Committee considered the aforementioned reports and resolved to adopt the same at a later date.

**MIN. NO. SEN/CPICSF/10262/2024 ANY OTHER BUSINESS**

There was no any other business.

**MIN. NO. SEN/CPICSF/10263/2024 DATE OF NEXT MEETING & ADJOURNMENT**

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



**2/12/2024**

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

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

**13TH PARLIAMENT 3RD SESSION**

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

**PRESENT**

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

**ABSENT WITH APOLOGY**

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

**SECRETARIAT**

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

**IN ATTENDANCE**

**A. OFFICE OF THE AUDITOR GENERAL**

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

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

1. Ms. Constance Wasike - Liaison Officer

**C. THE NATIONAL TREASURY**

1. Ms. Edith Nkanata - Liaison Officer

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

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

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

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

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

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

The Committee confirmed the following sets of minutes-

i) The Minutes of the Two Hundred and Twentieth Sitting held on Wednesday, 6th November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.

ii) The Minutes of the Two Hundred and First Sitting held on Wednesday, 6th November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. William Kipkemoi Kisang, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.

iii) The Minutes of the Two Hundred and Second Sitting held on Thursday, 7th November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. William Kipkemoi Kisang, MP.

iv) The Minutes of the Two Hundred and Third Sitting held on Friday, 8th November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Miraj Abdillahi Abdulrahman, MP.

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

There was no matter arising from the previous minutes.

**MIN. NO. SEN/CPICSF/10314/2024** **ADOPTION OF THE REPORTS OF AUDITOR-GENERAL'S REPORTS ON THE FINANCIAL STATEMENTES ON BURSARY FUNDS, HOSPITALS AND MUNICIPALITIES**

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

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

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

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

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

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

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

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

**a. Financial Year 2020/2021**

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

**b. Financial Year 2021/2022**

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

**c. Financial Year 2022/2023**

| NO. | **MUNICIPALITY** | **COUNTY** |
|---|---|---|
| 1. | Eldoret Municipality | Uasin Gishu |

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

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

There was no any other business.

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

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



**2/12/2024**

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

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