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THE SENATE

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Date: 31/03/2026

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THIRTEENTH PARLIAMENT – FIFTH SESSION

REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF UASIN GISHU COUNTY WATER COMPANY, MUNICIPALITY, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/2025 (1st JULY, 2024 TO 30th JUNE, 2025):

SECTOR	NO.	ENTITY
WATER COMPANY	1	ELDORET WATER AND SANITATION COMPANY LIMITED (ELDOWAS)
MUNICIPALITY	1	MUNICIPALITY OF ELDORET (NOW CITY OF ELDORET)
HOSPITALS	3	HURUMA LEVEL 4 HOSPITAL
		TURBO LEVEL 4 HOSPITAL
		UASIN GISHU DISTRICT HOSPITAL
FUNDS	5	MORTGAGE AND CAR LOANS SCHEME FUND
		ALCOHOLIC DRINKS CONTROL FUND
		COOPERATIVE ENTERPRISE DEVELOPMENT FUND
		EDUCATION REVOLVING FUND
		BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND

MARCH 2026

PAPERS LAID	
DATE	31/03/2026
TABLED BY	SEN: ASOTSI
COMMITTEE	
CLERK OF THE TABLE	WILKIN

DC-EG
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31/03/2026

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ACRONYMS/ABBREVIATIONS

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
COB	Controller of Budget
DPP	Director of Public Prosecution
EACC	Ethics and Anti-Corruption Commission
ELDOWAS	Eldoret Water and Sanitation Company Limited
FIFO	First-In, First-Out
GIS	Geographical Information System
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KISSIP	Kenya Informal Settlement Improvement Programme
KRA	Kenya Revenue Authority
LVNWWDA	Lake Victoria North Water Works Development Agency
NCPWD	National Council for Persons with Disabilities
NRW	Non-Revenue Water
NSSF	National Social Security Fund
OAG	Office of the Auditor-General
PAA	Public Audit Act
PP&E	Property, Plant and Equipment
PSASB	Public Sector Accounting Standards Board
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
UDG	Urban Development Grants
UIG	Urban Institutional Grants

VAT	Value Added Tax
WASREB	Water Services Regulatory Board
WIP	Work in Progress
WRA	Water Resources Authority
WSP	Water Service Provider

DEFINITION OF TERMS

1. **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 organisation's management limits the scope of audit procedures.
2. **Accountability:** This refers to the assurance that an individual or a group will be held responsible for their actions or inactions.
3. **Non-Revenue Water:** Non-Revenue Water refers to the difference between the amount of water put into the distribution system and the amount of water billed/unbilled as authorized consumption. It is usually attributed to physical losses such as leakages, bursts, and overflows through the existing old and dilapidated water supply network, and commercial losses due to metering anomalies and illegal connections.
4. **Going Concern:** This is an accounting principle used for a company that is financially stable enough to meet its obligations and continue its business for the foreseeable future.
5. **Work in Progress (WIP):** This refers to capital expenditure incurred on projects that have not yet been completed and transferred to fixed assets.
6. **Municipality:** A municipality means an urban area that has been granted a charter by the national government pursuant to the Urban Areas and Cities Act, with its own board, administrative structures and defined functions under Part IV of that Act.

PREFACE

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

Pursuant to the provisions of Article 229(4) of the Constitution of Kenya, 2010, the Auditor-General is required to audit and report on the accounts of all national and county government entities, including water companies, municipalities, hospitals and special funds, within six months after the end of each financial year.

This report covers the consideration by the Committee of the Auditor-General's reports on the financial statements of Uasin Gishu County water company, municipality, hospitals and special funds for the Financial Year 2024/2025. The entities considered include Eldoret Water and Sanitation Company Limited (ELDOWAS), the Municipality of Eldoret (now the City of Eldoret), Huruma Level 4 Hospital, Turbo Level 4 Hospital, Uasin Gishu District Hospital, the Mortgage and Car Loans Scheme Fund, the Alcoholic Drinks Control Fund, the Cooperative Enterprise Development Fund, and the Education Revolving Fund.

Hon.Dr. Jonathan Bii Chelilim, EGH, Governor of Uasin Gishu County, accompanied by relevant officials, appeared before the Committee to respond under oath to audit queries raised by the Auditor-General in the respective reports.

COMMITTEE MEMBERSHIP

The membership of the Committee comprises of the following Senators-

- | | |
|---|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP. | - Chairperson |
| 2. Sen. Eddy Gicheru Oketch, MP. | - Vice-Chairperson |
| 3. Sen. Agnes Kavindu Muthama, MP | - Member |
| 4. Sen. William Kipkemoi Kisang, CBS, MP. | - Member |
| 5. Sen. Peris Pesi Tobiko, CBS, MP | - Member |
| 6. Sen. Beth Kalunda Syengo, MP | - Member |
| 7. Sen. George Mungai Mbugua, MP | - Member |
| 8. Sen. Raphael Chimera Mwinzangu, MP. | - Member |
| 9. Sen. Hamida Ali Kibwana, MP | - Member |

COMMITTEE SECRETARIAT

- | | |
|------------------------------|---------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Erick Njogu | - Clerk Assistant II |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Mr. Khatib Omar | - Clerk Assistant III |
| 5. Mr. Kennedy Owuoth | - Fiscal Analyst |
| 6. Mr. Jeremy Chabari | - Legal counsel |
| 7. Mr. Erick Osoi | - Research Officer I |
| 8. Ms. Linet Aseka | - Research Officer III |
| 9. Mr. Martin Mulandi | - Research Officer III |
| 10. Mr. Peter Katana Kahindi | - Research Officer III |
| 11. Ms. Janice Lekuton | - Research Officer III |
| 12. Ms. Hamun Abdille | - Research Officer III |
| 13. Mr. David Munene | - Research Officer III |
| 14. Mr. Josphat Ng'enh | - Media Relations officer |
| 15. Mr. Victor Kimani | - Audio officer |
| 16. Mr. Fredick Okola | - Serjant-at-arms |

ESTABLISHMENT OF THE COMMITTEE

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.

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. The Committee is further mandated to examine the systems, procedures and mechanisms for the management of county public investments and special funds to determine whether they are efficiently, effectively and transparently managed.

EXECUTIVE SUMMARY

This report presents the Select Committee on County Public Investments and Special Funds' observations and recommendations following its consideration of the Auditor-General's reports on nine (9) entities in Uasin Gishu County for the Financial Year 2024/2025. The entities under review comprise one (1) water company, namely Eldoret Water and Sanitation Company Limited (ELDOWAS); one (1) municipality, namely the Municipality of Eldoret (which attained City of Eldoret status on 18th June 2025); three (3) hospitals, namely Huruma Level 4 Hospital, Turbo Level 4 Hospital, and Uasin Gishu District Hospital; and four (4) special funds, namely the Mortgage and Car Loans Scheme Fund, the Alcoholic Drinks Control Fund, the Cooperative Enterprise Development Fund, and the Education Revolving Fund.

The majority of entities received Qualified Opinions from the Auditor-General, with Turbo Level 4 Hospital receiving an Adverse Opinion, signifying the existence of material audit issues that necessitate urgent management attention and decisive corrective action. The persistence of these audit queries underscores systemic weaknesses in financial management, internal controls, and governance structures across the entities.

The key issues identified for ELDOWAS include but are not limited to irregular management of water revenue with mass cancellation of meter transactions totalling Kshs. 963,464,719; unconfirmed PP&E balance of Kshs. 3,006,885,996; long-outstanding trade receivables of Kshs. 301,655,302; doubtful VAT refund claims of Kshs. 48,584,233; Non-Revenue Water at 38% exceeding WASREB threshold of 25%; non-compliance with staff cost benchmarks, disability employment quotas, and ethnic diversity requirements; delayed completion of capital projects; and underutilization of staff houses.

The key issues identified for the Municipality of Eldoret include but are not limited to: multiple inaccuracies in the presentation and disclosure of financial statements; absence of direct transfers from the County Government into the Municipality's own accounts; misclassification of expenses; double accounting of computer and printer purchases; unreconciled variance in hospitality supplies expenses; unconfirmed PP&E balance of Kshs. 1,232,250,255 due to absence of asset register, valuation report, and depreciation policy; significant under-receipts of Kshs. 499,378,898 representing 72% of the budget; and unresolved prior year audit matters.

The key issues identified for the hospitals include but are not limited to: critical staff and equipment deficits at Huruma Level 4 Hospital (75% staffing shortfall, no ICU/HDU beds) and Turbo Level 4 Hospital (zero medical officers, no operating theatres) in breach of the Health Act, 2017 and Universal Health Coverage requirements; an Adverse Opinion on Turbo Level 4 Hospital's financial statements due to multiple material misstatements;

asbestos roofing at Turbo Level 4 Hospital posing a cancer risk; a high wage bill of 84% of total expenditure at Uasin Gishu District Hospital against a statutory ceiling of 35%; weak internal control environments at all three hospitals including absence of fixed asset registers, internal audit functions, and procurement plans; and unresolved staffing gaps at Uasin Gishu District Hospital with only 2 medical officers against a requirement of 16.

The key issues identified for the funds include but are not limited to: non-performing loans of Kshs. 118,940,815 in the Mortgage and Car Loans Scheme Fund, including an excess mortgage disbursement to a former Governor in breach of SRC guidelines; a recovery rate of only 0.8% (Kshs. 2,526,453 out of Kshs. 323,213,037 disbursed since 2014) in the Education Revolving Fund with 99% non-performing loans; non-performing loans of Kshs. 340,065,618 to 91 cooperative societies in the Cooperative Enterprise Development Fund, including Kshs. 285,000,000 linked to a stalled maize milling plant; illegal over-expenditure on administrative costs exceeding the statutory 3% ceiling by Kshs. 41,142,106 in the Cooperative Enterprise Development Fund; 24 unlicensed liquor outlets operating in breach of the Alcoholic Drinks Control Act; going concern doubts in both the Cooperative Enterprise Development Fund and the Education Revolving Fund due to recurring deficits; and absence of approved Fund Regulations in multiple funds years after their establishment.

The Committee has formulated comprehensive recommendations directed at the Governor of Uasin Gishu County and the respective Accounting Officers. These recommendations are designed to address the identified audit issues within specified timeframes and to prevent recurrence through the strengthening of internal control systems and governance frameworks.

REPORT STRUCTURE

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.

CHAPTER ONE: Water Company. This chapter presents a comprehensive record of the audit queries raised in the Auditor-General's report on Uasin Gishu County water company – specifically Eldoret Water and Sanitation Company Limited (ELDOWAS) – for the Financial Year 2024/2025. For each audit query, the chapter details the Auditor-General's finding, the management response, the Committee's observations, and the corresponding recommendations of the Committee.

CHAPTER TWO: Municipality. This chapter sets out a detailed account of the audit queries raised in the Auditor-General's report on the Municipality of Eldoret for the Financial Year 2024/2025. Each audit query is presented alongside the management response, the Committee's observations, and the specific recommendations formulated by the Committee to address the identified deficiencies.

CHAPTER THREE: Hospitals. This chapter presents a comprehensive record of the audit queries raised in the Auditor-General's reports on three (3) Uasin Gishu County hospitals – specifically Huruma Level 4 Hospital, Turbo Level 4 Hospital, and Uasin Gishu District Hospital – for the Financial Year 2024/2025. For each audit query, the chapter details the Auditor-General's finding, the management response, the Committee's observations, and the corresponding recommendations of the Committee.

CHAPTER FOUR: Funds. This chapter sets out a detailed account of the audit queries raised in the Auditor-General's reports on four (4) Uasin Gishu County special funds specifically the Mortgage and Car Loans Scheme Fund, the Alcoholic Drinks Control Fund, the Cooperative Enterprise Development Fund, and the Education Revolving Fund for the Financial Year 2024/2025. Each audit query is presented alongside the management response, the Committee's observations, and the specific recommendations formulated by the Committee to address the identified deficiencies.

GENERAL OBSERVATIONS FOR WATER COMPANY

The Committee made the following general observations regarding the water company in Uasin Gishu County under review:

1. **Revenue Integrity Concerns:** ELDOWAS had significant revenue leakages arising from mass cancellation of meter transactions totalling Kshs. 963,464,719, failure to bill 19,862 active meters, and reversal of Kshs. 11,904,512 in bank receipts without adequate controls, casting doubt on the completeness of total revenue of Kshs. 1,251,059,625.
2. **Excessive Non-Revenue Water:** Non-Revenue Water (NRW) levels at ELDOWAS stood at 38%, significantly exceeding the 25% regulatory benchmark prescribed by WASREB, resulting in a revenue loss of Kshs. 127,653,057 above the acceptable threshold.
3. **Non-Compliance with Statutory Requirements:** ELDOWAS was in breach of multiple legal and regulatory provisions, including the Water Act 2016, the Persons with Disability Act 2017, the National Cohesion and Integration Act 2008, and WASREB Corporate Governance Guidelines on staff costs.
4. **Unreliable Asset and Financial Statement Balances:** The PP&E balance of Kshs. 3,006,885,996 and inventories balance of Kshs. 70,590,818 could not be confirmed due to absence of updated valuations and inadequate documentation.
5. **Long-Outstanding Receivables and Payables:** Trade receivables of Kshs. 301,655,302 had been outstanding for over seven years with no adequate provision for bad debts, and trade creditors of Kshs. 44,357,076 exceeded the Company's own 60-day credit policy.
6. **Unresolved Prior Year Audit Issues:** Numerous audit issues from prior financial years remain unresolved, pointing to inadequate follow-up mechanisms and a lack of commitment by management to address recurring queries.

GENERAL RECOMMENDATIONS FOR WATER COMPANY

The Committee makes the following general recommendations with respect to ELDOWAS:

1. **Non-Revenue Water Reduction:** The Governor should direct the management of ELDOWAS to develop and implement a comprehensive NRW reduction plan within sixty (60) days, including specific annual reduction targets, infrastructure rehabilitation programmes, enhanced leak detection mechanisms, and strategies to combat illegal connections.

2. **Statutory and Regulatory Compliance:** The Governor should ensure that ELDOWAS achieves full compliance with all applicable statutory and regulatory requirements, including remittance of WASREB levies, adherence to staff cost benchmarks, and achievement of prescribed employment quotas for persons with disabilities and ethnic diversity requirements.
3. **Receivables Recovery and Asset Valuation:** The Governor should ensure that the Accounting Officer undertakes a comprehensive review and recovery strategy for long-outstanding trade receivables, completes the revaluation of all Company assets, and addresses the doubtful VAT refund claims with KRA within sixty (60) days.
4. **Resolution of Prior Year Audit Queries:** The Governor should instruct the Accounting Officer to establish an audit steering committee to oversee the resolution of all outstanding prior year audit queries, with a detailed action plan submitted to the Auditor-General within sixty (60) days.
5. **Capital Projects Completion:** The Governor should ensure all outstanding capital projects are completed within FY 2025/2026 and completion certificates with commencement dates are submitted to the Auditor-General for verification.
6. **Staff House Optimization:** The Governor should ensure that the Accounting Officer develops a strategy to optimize the use and rental income of the Company's 55 staff houses, including reviewing housing charges in line with prevailing market rates, within ninety (90) days.

GENERAL OBSERVATIONS FOR MUNICIPALITY

The Committee made the following general observations on the Municipality of Eldoret:

1. **Lack of Financial Independence:** The Municipality did not receive any direct transfers into its own bank accounts from the County Government. All expenditure was made by the County Executive on behalf of the Municipality amounting to Kshs. 148,939,177, reflecting continued lack of operational and financial independence. This is a recurring matter from FY 2023/2024.
2. **Unreliable PP&E Balance:** The PP&E balance of Kshs. 1,232,250,255 could not be confirmed due to the absence of a comprehensive asset register, an independent valuation report, and an approved depreciation and amortization policy. These are recurring audit queries from prior financial years.
3. **Significant Budget Under-Performance:** The Municipality recorded under-receipts of Kshs. 499,378,898, representing 72% of the budget, attributable to non-disbursement of Urban Institutional Grants and Urban Development Grants, which negatively impacted service delivery.
4. **City Transition Governance Gap:** The Municipality was upgraded to City of Eldoret status on 18th June 2025, with City status effective for only 12 days within the financial year. The institutional and governance structures required for the City had not been established by 30th June 2025.
5. **Unresolved Prior Year Audit Issues:** Several audit issues raised in the FY 2023/2024 audit report remain unresolved, indicating inadequate follow-up mechanisms and a lack of commitment by management to implement corrective actions.

GENERAL RECOMMENDATIONS FOR MUNICIPALITY

The Committee makes the following general recommendations with respect to the Municipality of Eldoret:

1. **Financial Independence and Transition Plan:** The Governor of Uasin Gishu County should provide a structured transition plan for the City of Eldoret to achieve full operational and financial independence in accordance with sections 12, 20, 45 and 46 of the Urban Areas and Cities Act, Cap. 275. The plan shall include specific timelines, milestones, and capacity-building interventions, and shall be submitted to the Auditor-General within sixty (60) days of the adoption of this report.
2. **Asset Management:** The Governor should ensure that an independent valuation of all assets is carried out, a comprehensive asset register is maintained, and an approved depreciation and amortization policy is in place and implemented, in line with IPSAS 17 and National Treasury Circular No. 5/2020.

3. **Realistic Budget Formulation:** The Governor should ensure the Municipality prepares realistic budgets that do not over-rely on uncertain donor funding, with confirmed commitment letters obtained prior to budget formulation, in compliance with IPSAS 24.
4. **City of Eldoret Governance Structures:** The Governor should expeditiously establish all governance, financial management and administrative structures for the City of Eldoret in accordance with the City Charter and the Urban Areas and Cities Act, Cap. 275, and submit a transition implementation plan to the Auditor-General within sixty (60) days.
5. **Resolution of Prior Year Audit Queries:** The Accounting Officer should develop and maintain a comprehensive Audit Action Plan to systematically track and address all outstanding audit queries. Status updates shall be submitted to the Auditor-General every quarter until all queries are fully resolved.
6. **Enhanced County Oversight:** The County Executive Committee Member responsible for urban development should undertake regular quarterly monitoring of the financial and operational performance of the Municipality/City and submit monitoring reports to the County Executive Committee, the County Assembly, and the Auditor-General.

GENERAL OBSERVATIONS FOR HOSPITALS

The Committee makes the following general observations with respect to the hospitals in Uasin Gishu County:

- 1. Critical Staffing and Equipment Deficits:** All three hospitals – Huruma Level 4 Hospital, Turbo Level 4 Hospital and Uasin Gishu District Hospital – had severe staffing and equipment deficits falling far below the Kenya Quality Model for Health Policy Guidelines. Turbo Level 4 Hospital had zero medical officers, zero anaesthesiologists, and no functional operating theatres, while Huruma Level 4 Hospital had only 18 beds against a requirement of 150. These deficiencies contravene the First Schedule of the Health Act, 2017 and Article 43(1) of the Constitution of Kenya, 2010, undermining Universal Health Coverage objectives.
- 2. Weak Financial Reporting:** All three hospitals had significant weaknesses in financial reporting, including non-disclosure of assets, unsupported balances, and presentation anomalies. Turbo Level 4 Hospital received an Adverse Opinion – the most severe audit opinion – due to multiple material misstatements in its first set of financial statements, reflecting a fundamental failure in financial management capacity.
- 3. Absence of Fixed Asset Registers:** None of the three hospitals maintained a comprehensive fixed asset register as required by Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015. Assets including land, buildings, medical equipment and vehicles were not valued or properly recorded, making accountability for public property impossible to confirm.
- 4. Lack of Internal Audit Functions:** All three hospitals lacked an in-house internal audit function and relied entirely on County-level internal audit services. Internal audit reports were not provided for audit verification, making it impossible to confirm the effectiveness of internal controls and risk management in any of the facilities.

GENERAL RECOMMENDATIONS FOR HOSPITALS

The Committee makes the following general recommendations with respect to the hospitals in Uasin Gishu County:

- 1. Urgent Resourcing of Hospitals:** The Governor of Uasin Gishu County should prioritise the recruitment of medical specialists and the procurement of essential medical equipment for all three hospitals to meet the minimum Level 4 standards prescribed by the Kenya Quality Model for Health Policy Guidelines and the First Schedule of the Health Act, 2017. A comprehensive resourcing plan with clear timelines should be submitted to the Senate within 60 days of the adoption of this report.

2. **Strengthened Financial Management Capacity:** The Governor should ensure that all hospital Accounting Officers receive adequate training and support in public sector financial reporting in accordance with IPSAS and PSASB guidelines, and that adequate accounting staff are deployed to each facility to ensure the preparation of accurate and compliant financial statements.
3. **Asset Management and Verification:** The Governor should ensure that all hospital assets are valued by a qualified valuer, tagged, and recorded in comprehensive fixed asset registers in compliance with Regulation 136(1) of the PFM (County Government) Regulations, 2015 within 90 days of the adoption of this report.
4. **Internal Audit and Governance Frameworks:** The Governor should ensure that all hospitals establish robust internal audit arrangements, risk management policies, procurement plans, and board governance frameworks in compliance with the PFM Act, Mwongozo Code of Governance, and the Public Procurement and Asset Disposal Regulations, 2020.

GENERAL OBSERVATIONS FOR FUNDS

The Committee makes the following general observations with respect to the special funds in Uasin Gishu County:

1. **Going Concern Doubts:** Both the Cooperative Enterprise Development Fund and the Education Revolving Fund reported operating deficits raising going concern doubts. The Education Revolving Fund received no exchequer allocation during the year, while the Cooperative Enterprise Development Fund recorded consecutive deficits. The financial viability of these funds is at serious risk without decisive intervention.
2. **Absence of Approved Fund Regulations:** Multiple funds have been operating for years without approved regulations, undermining the legal framework for their operations. The Alcoholic Drinks Control Fund, the Cooperative Enterprise Development Fund, and the Education Revolving Fund all lacked fully approved regulations, contrary to their respective enabling Acts. This gap exposes the funds to governance and legal risks and constrains their ability to enforce loan repayment and licensing obligations.
3. **Non-Compliance with Statutory Requirements:** Multiple statutory violations were noted across the special funds, including: the Mortgage and Car Loans Scheme Fund disbursing a mortgage loan in excess of SRC guidelines to a former Governor who is currently in default; the Mortgage Fund's failure to remit fringe benefit tax to KRA; the Cooperative Enterprise Development Fund's over-expenditure on administrative costs beyond the statutory 3% ceiling; and 24 unlicensed liquor outlets operating in breach of the Alcoholic Drinks Control Act, 2014.
4. **Weak Governance and Internal Controls:** All four special funds had significant weaknesses in governance and internal controls, including absence of risk management policies, lack of debtors' management policies, inadequate or absent internal audit oversight, manual loan management systems prone to errors, and failure to provide trial balances for audit verification. These weaknesses collectively undermine accountability for significant public resources.

GENERAL RECOMMENDATIONS FOR FUNDS

The Committee makes the following general recommendations with respect to the special funds in Uasin Gishu County:

1. **Expeditious Enactment of Fund Regulations:** The Governor should prioritise the finalisation and enactment of regulations for all funds whose enabling legislation requires them, including the Alcoholic Drinks Control Fund, the Cooperative

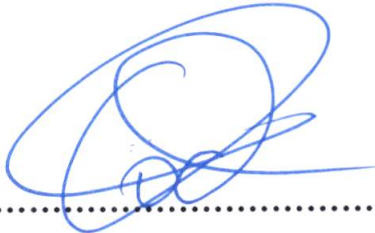
Enterprise Development Fund, and the Education Revolving Fund. Status reports on enactment progress should be submitted to the Senate within 60 days of the adoption of this report.

2. **Automation of Loan Management Systems:** The Governor should ensure that all revolving funds transition from manual Excel-based loan management to automated systems capable of accurately tracking loan disbursements, repayments, interest accruals, and defaults, and submit implementation timelines to the Senate within 60 days of the adoption of this report.
3. **Statutory Compliance:** The Governor should ensure all funds comply with their respective statutory obligations, including: remittance of fringe benefit tax to KRA by the Mortgage and Car Loans Scheme Fund; enforcement of licensing requirements for all alcoholic drink outlets by the Alcoholic Drinks Control Fund; and adherence to the 3% administrative cost ceiling by the Cooperative Enterprise Development Fund, with compliance reports submitted to the Auditor-General within 60 days of the adoption of this report.
4. **Governance and Internal Control Frameworks:** The Governor should ensure that all special funds establish comprehensive governance and internal control frameworks including risk management policies, debtors' management policies, internal audit arrangements, service charters, and approved procurement plans, in compliance with the PFM Act and PFM (County Government) Regulations, 2015.

ACKNOWLEDGEMENTS

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.

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:

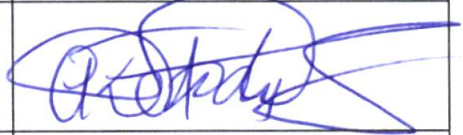

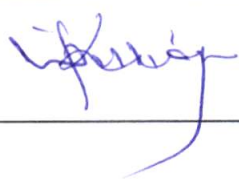
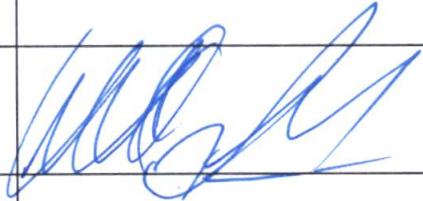
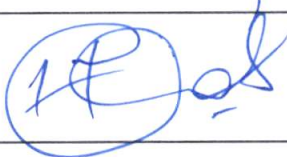
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**HON. SEN. GODFREY ATIENO OSOTSI, CBS, MP
CHAIRPERSON**

ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS ON THE CONSIDERATION OF THE AUDIT REPORTS OF UASIN GISHU COUNTY WATER COMPANY, MUNICIPALITY, HOSPITALS AND FUNDS FOR THE FINANCIAL YEAR 2024/2025 (1st JULY, 2024 TO 30th JUNE, 2025):

SECTOR	NO.	ENTITY
WATER COMPANY	1	ELDORET WATER AND SANITATION COMPANY LIMITED (ELDOWAS)
MUNICIPALITY	1	MUNICIPALITY OF ELDORET (NOW CITY OF ELDORET)
HOSPITALS	3	HURUMA LEVEL 4 HOSPITAL
		TURBO LEVEL 4 HOSPITAL
		UASIN GISHU DISTRICT HOSPITAL
FUNDS	5	MORTGAGE AND CAR LOANS SCHEME FUND
		ALCOHOLIC DRINKS CONTROL FUND
		COOPERATIVE ENTERPRISE DEVELOPMENT FUND
		EDUCATION REVOLVING FUND
		BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND

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, CBS, MP (<i>Chairperson</i>)	
2.	Sen. Eddy Gicheru Oketch, MP (<i>Vice - Chairperson</i>)	
3.	Sen. Agnes Kavindu Muthama, MP	
4.	Sen. William Kipkemoi Kisang, CBS, MP.	
5.	Sen. Peris Pesi Tobiko, CBS, MP	
6.	Sen. Beth Kalunda Syengo, MP	
7.	Sen. George Mungai Mbugua, MP	
8.	Sen. Raphael Chimera Mwinzangu, MP	
9.	Sen. Hamida Ali Kibwana, MP	

CHAPTER ONE: WATER COMPANY

1.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR ELDORET WATER AND SANITATION COMPANY LIMITED (ELDOWAS) FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee to respond on 29th January 2026 (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Eldoret Water and Sanitation Company Limited (ELDOWAS) for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Philip Meli -County Secretary,Uasin Gishu County Government
3. CPA Dr. Lawrence Tanui, PhD -MD, Eldoret Water and Sanitation Company Limited (ELDOWAS)

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Eldoret Water and Sanitation Company Limited for the period under review on the following basis—

1. Irregular Management of Water Revenue

The statement of profit or loss and other comprehensive income reflects total revenue of Kshs. 1,251,059,625, comprising operating revenue of Kshs. 1,157,275,453 which includes water sales of Kshs. 841,835,286, sewerage services of Kshs. 282,219,015, and other billing of Kshs. 33,221,152. Review of water revenue management revealed the following anomalies:

- (i) 751,834 meter transactions totalling Kshs. 963,464,719 were cancelled or bills credited, denying the Company revenue.
- (ii) Three (3) meters recorded previous readings higher than current readings amounting to Kshs. 193,835, indicating possible meter interference.
- (iii) Seventeen (17) meters with recorded consumption were not billed.
- (iv) 1,322 new meter connections were installed but no deposits were collected from new connections.
- (v) 19,862 active meters were not billed during the year.
- (vi) 83 M-Pesa payments totalling Kshs. 547,356 for account number 16010087726 were reversed.

- (vii) 120 bank payments amounting to Kshs. 11,904,512 were reversed without adequate justification.

In the circumstances, the accuracy and completeness of total revenue of Kshs. 1,251,059,625 could not be confirmed.

Management Response

Management stated that out of 866,309 transactions raised, only 3,917 were cancelled due to erroneous billing, corrected through rebilling. Meter reading anomalies are linked to rationing-related airlocks; mechanical meters are being replaced with smart meters. Seventeen meters were not billed due to change of meter status mid-cycle and were rectified in subsequent billing cycles. Of 2,666 new connections, 2,576 deposits were received; 80 accounts were pending connections at year-end. The 19,862 active meters billed zero are in water-deficit areas and vacant houses. M-Pesa reversals arose from erroneous payments to the suspense account, reversed upon formal customer requests. Bank reversals related to lump-sum payments meant for multiple accounts (Kshs. 9,316,323) and bounced cheques (Kshs. 2,588,189).

Committee Observation

The Committee observed that ELDOWAS had significant revenue leakages arising from mass cancellation of meter transactions totalling Kshs. 963,464,719, failure to bill 19,862 active meters, and reversal of Kshs. 11,904,512 in bank receipts without adequate controls. Further, the Company failed to collect deposits from 80 new connections at year-end.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer implements robust billing controls to prevent erroneous bill cancellations and establishes a reconciliation framework for all meter transaction adjustments. The Auditor-General to keep this matter in view in the subsequent audit cycle;
- ii. the Governor ensures the Accounting Officer submits, within 60 days of adoption of this report, a schedule of all 19,862 unbilled active meters with a clear remediation plan for full billing, including timelines for smart meter deployment to eliminate manual billing anomalies; and
- iii. the Governor ensures the Accounting Officer strengthens controls over M-Pesa and bank payment reversals by requiring dual authorization and submits a detailed reversal policy to the Auditor-General for verification within 60 days of the adoption of this report.

2. Property, Plant and Equipment

2.1. Valuation of Assets

The statement of financial position reflects property, plant and equipment (PP&E) of Kshs. 3,006,885,996, which includes land valued at Kshs. 132,505,455. No updated land valuation report was provided for audit. Assets with acquisition costs of Kshs. 307,138,911 had been fully depreciated but continued in use with no book values. The accuracy of the PP&E balance of Kshs. 3,006,885,996 could not be confirmed.

Management Response

Management stated that revaluation of assets was scheduled across financial years 2024/2025, 2025/2026 and 2026/2027. Valuation of motor vehicles and biological assets was undertaken in 2024/2025 and management commits to completing the valuation of all assets as per the planned schedule.

Committee Observation

The Committee observed that ELDOWAS had not conducted an updated valuation of its land assets valued at Kshs. 132,505,455 and that fully depreciated assets worth Kshs. 307,138,911 continued in use with nil book values, rendering the PP&E balance unreliable.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer completes the re-evaluation of all Company assets, including land, in accordance with the planned schedule and submits a valuation report to the Auditor-General for verification within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

2.2. Motor Vehicle Ownership Documents

The PP&E balance includes Kshs. 47,829,750 for motor vehicles and motorcycles. Review revealed that two (2) vehicles transferred from Lake Victoria North Water Works Development Agency (LVNWWDA) still have logbooks registered in the name of a contractor, not ELDOWAS. No explanation was provided for the failure to transfer ownership documents to the Company.

Management Response

Management stated that LVNWWDA financed the projects and handed over contract works including motor vehicles on completion. Custody of the logbooks remains with the agency until the outstanding loan liability is cleared, as stipulated in Section 69(2) of the Water Act 2016.

Committee Observation

The Committee observed that two motor vehicles used by ELDOWAS had ownership documents still in the name of a contractor, raising concerns over the completeness and accuracy of the PP&E balance of Kshs. 3,006,885,996.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer fast-tracks the transfer of motor vehicle ownership documents to ELDOWAS through engagement with LVNWWDA and the contractor, and submits a status report to the Senate within 90 days of the adoption of this report; and**
- ii. the Governor ensures the water company formulates a repayment plan for its outstanding obligations to LVNWWDA to facilitate full asset transfer.**

3. Inventory Balance

The statement of financial position reflects inventories of Kshs. 70,590,818. The audit established that: (i) water stocks in the Company's reservoirs were not included in the inventory balance; (ii) there was no evidence that store items were issued on a First-In, First-Out (FIFO) basis; and (iii) no report on obsolete and unserviceable inventory, including water meters, was provided. The inventories balance of Kshs. 70,590,818 could not be confirmed.

Management Response

Management stated that ELDOWAS produces 44,600 m³ per day against a daily demand of 80,000 m³, resulting in a supply deficit. Water produced is distributed almost immediately with no material water held in storage, and therefore water in reservoirs does not qualify for recognition as inventory. The Company's ERP system is fully configured for FIFO issuance with system-generated reports as evidence. A Board of Survey confirmed no obsolete or unserviceable water meters at year-end, and a structured meter replacement programme commences in August 2025.

Committee Observation

The Committee observed that ELDOWAS did not provide adequate documentation to support FIFO compliance, nor did it submit a report on obsolete and unserviceable inventory, including water meters, for audit review.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer provides system-generated FIFO issuance reports to the Auditor-General for verification in the subsequent audit cycle; and
- ii. the Governor ensures the Accounting Officer submits a comprehensive obsolete and unserviceable inventory report, including water meters, to the Auditor-General within 60 days of the adoption of this report.

4. Long Outstanding Trade Receivables

The statement of financial position reflects trade and other receivables of Kshs. 687,608,856. Approximately 47% of this balance, amounting to Kshs. 301,655,302, has remained uncollected for over seven (7) years, casting doubt on recoverability. A bad debts provision of Kshs. 60,000,000 was written back without justification, and no specific provision for bad and doubtful debts was made. The accuracy of the receivables balance could not be confirmed.

The breakdown of receivables outstanding for over seven years is as follows:

Client Category	Amount (Kshs.)
Domestic	253,273,165.75
Government Institutions	45,409,912.00
Commercial/Industrial	1,823,064.59
Schools	298,267.45
Universities/Colleges	353,267.90
Water Kiosks	497,624.59
TOTAL	301,655,302.28

Management Response

Management stated that domestic debts were largely inherited from the defunct Municipal Council; clients are untraceable due to population movement, land subdivision, and tenancy. Collection efforts against government institutions and schools are ongoing. Management intends to offset customer deposits against outstanding debts and to write off irrecoverable debts through the County Executive Finance Department.

Committee Observation

The Committee observed that ELDOWAS had trade receivables of Kshs. 301,655,302 outstanding for over seven years with no adequate provision for bad and doubtful debts. The write-back of the Kshs. 60,000,000 provision was unjustified given the increasing receivables trend.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer submits a debtors' schedule to the Auditor-General for verification within 60 days of the adoption of this report, with clear timelines for each category of long-outstanding receivables;
- ii. the Governor ensures the Accounting Officer puts in place a specific bad and doubtful debts provision in line with IPSAS requirements and submits the same to the Auditor-General in the subsequent audit cycle; and
- iii. the Governor ensures the Accounting Officer conducts a detailed analysis of all long-outstanding receivables and, where debts are proven irrecoverable, seeks the Board's approval and effects the write-off in accordance with Section 150 of the Public Finance Management Act, Cap 412A and regulation 141 of the Public Finance Management (County Government) Regulations, 2015.
- iv. the Auditor-General keeps this matter in view and specifically verifies the recoverability of receivables, adequacy of provisioning, and any write-offs in the subsequent audit cycle.

5. Doubtful Recovery of Value Added Tax (VAT) Refunds

Trade and other receivables include VAT refund claims of Kshs. 48,584,233 submitted to the Kenya Revenue Authority (KRA) between April 2011 and June 2018. As at the time of audit in September 2025, no refund had been received and no further recovery attempts were evidenced. The recoverability of this balance is doubtful.

Management Response

Management stated that the VAT refunds arose from 2018 changes in tax law reclassifying natural water from zero-rated to tax-exempt. The initial claim was Kshs. 93,338,335, of which Kshs. 33,404,921 was received and Kshs. 11,349,181 disallowed, leaving Kshs. 48,584,233 outstanding. The Company continues to engage KRA with records for Kshs. 15,290,331 traced and under the KRA MST Department.

Committee Observation

The Committee observed that ELDOWAS has had VAT refund claims of Kshs. 48,584,233 pending with KRA since 2011, with no recovery to date and no active follow-up documentation provided at the time of audit.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer formally escalates the outstanding VAT refund claim of Kshs. 48,584,233 with KRA and provides a status update to the Senate within 60 days of the adoption of this report and the Auditor-General keeps this matter in view in the subsequent audit cycle.

6. Long Outstanding Trade Creditors and Other Payables

The statement of financial position reflects trade creditors and other payables of Kshs. 297,298,943, which includes trade payables of Kshs. 100,127,216. Of this amount, Kshs. 44,357,076 had been outstanding for more than 60 days, including Kshs. 22,428,227 outstanding for over 180 days. The propriety of the trade and other payables balance is in doubt.

Management Response

Management attributed the delay to cashflow challenges and a court-imposed suspension of the new tariff in March 2025. By 31 December 2025, the outstanding balance had been reduced from Kshs. 100,127,216 to Kshs. 16,274,295, including Kshs. 12,000,000 owed to the Water Resources Authority (WRA) under legal dispute.

Committee Observation

The Committee observed that ELDOWAS had trade payables totalling Kshs. 44,357,076 outstanding beyond its own 60-day credit policy, including Kshs. 22,428,227 outstanding for over 180 days.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer prepares and submits a creditors repayment plan to the Auditor-General and the Senate within 60 days of the adoption of this report, specifying timelines for full settlement; and
- ii. the Governor ensures the Accounting Officer complies with regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 on timely settlement of obligations.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget of Kshs. 1,569,279,936 against actual receipts of Kshs. 1,209,982,955, resulting in underfunding of Kshs. 359,296,981, representing approximately 23% of the budget. Similarly,

actual expenditure of Kshs. 1,021,750,329 against actual receipts resulted in an under-absorption of Kshs. 188,232,626, representing approximately 16% of actual receipts.

Management Response

Management attributed the shortfall to: a court order issued on 25 March 2025 stopping disconnections and reverting the Company to the old tariff; Non-Revenue Water standing at 38%; non-achievement of VAT refund and biological asset sale targets; and suspension of planned development works. The Court ruled on 17 September 2025 in ELC Petition E009, discharging the restraining orders and allowing implementation of the gazette tariff.

Committee Observation

The Committee observed that—

- i. ELDOWAS had an under-funding of Kshs. 359,296,981 representing 23% of the revenue budget and an under-absorption of Kshs. 188,232,626 representing 16% of actual receipts.
- ii. management attributed the shortfalls to a court order (later discharged on 17 September 2025), high Non-Revenue Water (38%), missed VAT refund and biological asset sale targets, and suspension of planned development works. While some of these factors were external, the Accounting Officer is still required under Regulation 42(b) of the Public Finance Management (County Governments) Regulations, 2015 to ensure that public funds are properly safeguarded and applied for the purposes for which they were appropriated.

Committee Recommendation

The Committee recommends that –

- i. the Governor ensures the Accounting Officer strengthens budgetary control measures in full compliance with Regulation 42(b) of the Public Finance Management (County Governments) Regulations, 2015, including robust revenue forecasting, timely tariff implementation, and effective Non-Revenue Water reduction strategies.
- ii. the Governor ensures the Accounting Officer submits a revised, realistic revenue strategy aligned to the reinstated gazette tariff, with measurable targets, key performance indicators, and a clear action plan to address the 23% under-funding, within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically reports on revenue performance, budgetary control, and implementation of the revised strategy in the subsequent audit cycle.

Other Matters

Unresolved Prior Year Audit Matters

In the audit report for the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Management has not fully resolved the outstanding issues, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012.

Management Response

Management stated that the Company has continuously worked to address prior year issues. Progress reports are being addressed by the Board of Directors Audit Committee. Issues were discussed at the County Public Investment and Special Funds Committee of the Senate in March 2025 and the Public Accounts and Investment Committee of the County Assembly in October 2025.

Committee Observation

- i. the Committee observed that several prior year audit raised in the previous year's audit report under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance remain unresolved;
- ii. the specific unresolved issues include unconfirmed water sales, asset valuation gaps, motor vehicle ownership documents, outstanding trade receivables, VAT refund recovery, and ethnic composition non-compliance; and
- iii. management stated that the Company has continuously worked to address prior year issues, with progress reports being handled by the Board of Directors Audit Committee, and that the matters were discussed in previous Senate and County Assembly committee sittings. While the Committee notes these efforts, section 149(2)(l) of the Public Finance Management Act, Cap 412A requires the Accounting Officer to try to resolve any issues resulting from an audit that remain outstanding. Further, once the Senate has considered and made recommendations on the audit report, the Accounting Officer is under a statutory obligation to implement the recommendations or provide satisfactory explanations under Section 53(1) of the Public Audit Act, 412B.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer takes immediate and effective steps to fully resolve all outstanding prior year audit issues listed above in accordance with section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failing which, in accordance with section 53(2) of the Public Audit Act, Cap 412B, the

- accounting officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others; and
- ii. the Governor ensures the Accounting Officer submits a detailed status report on mitigation measures, including specific timelines and evidence of resolution for each matter, within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Pursuant to Article 229(6) of the Constitution, based on 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 manner—

1. Inadequate Management of Non-Revenue Water

The statement of profit or loss and other comprehensive income reflects water sales of Kshs. 841,835,286. Records indicate that the Company produced 15,442,959 cubic metres (M³) of water, of which only 9,520,106 M³ were billed. The balance of 5,922,853 M³, representing 38% of total production, constitutes Non-Revenue Water (NRW). This exceeds the WASREB allowable maximum loss of 25% by 13 percentage points, translating to a revenue loss of Kshs. 127,653,057 above the acceptable threshold (at an average tariff of Kshs. 63 per M³). Management was in breach of the law.

Management Response

Management attributed NRW to aging infrastructure, water theft, meter inaccuracy, and damaged networks from ongoing road construction. Interventions include: replacement of mechanical meters with smart meters; pressure monitoring and control in collaboration with JICA along Chebara offtakes; and proposals to North Rift Water Works Development Authority for funding to replace aging distribution pipes dating to the 1960s–1980s.

Committee Observation

The Committee observed that ELDOWAS had NRW of 38%, which is 13 percentage points above the WASREB allowable threshold of 25%, resulting in a revenue loss of Kshs. 127,653,057 above the acceptable level.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer implements comprehensive measures to reduce NRW, including replacement of dilapidated infrastructure, deployment of smart meters for accurate billing, and application of GIS for real-time burst and

- leakage detection. The Auditor-General to review implementation and provide a status update in the subsequent audit cycle;
- ii. the Governor ensures the Accounting Officer segregates NRW into physical and commercial losses to identify specific and targeted mitigation measures; and
 - iii. the County Government collaborates with the Ethics and Anti-Corruption Commission to put in place pre-emptive measures to reduce water theft and illegal connections.

2. Accumulation of WASREB Subscription Arrears

Trade payables include Water Services Regulatory Board (WASREB) subscription fee arrears of Kshs. 20,622,843, representing seven (7) months of outstanding levies. Non-payment was contrary to Section 72 of the Water Act, 2016, which requires all licensed Water Service Providers to remit regulatory levies to WASREB. Management was in breach of the law.

Management Response

Management stated that cashflow challenges arising from increased operational costs and the court-imposed tariff suspension reduced available funds. Arrears of Kshs. 15,982,660 carried forward from FY 2023/2024 were cleared during FY 2024/2025. The outstanding WASREB arrears of Kshs. 20,622,843 have been fully cleared as at 31 December 2025.

Committee Observation

The Committee observed that ELDOWAS accumulated WASREB subscription arrears of Kshs. 20,622,843 representing seven months of unpaid levies, constituting a breach of Section 72 of the Water Act, 2016, though management has since cleared the arrears.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer adheres to section 72 of the Water Act, Cap. 372 by remitting all regulatory levies to WASREB on time and submits evidence of the cleared arrears to the Auditor-General for verification and the Auditor-General keeps this matter in view in the subsequent audit cycle.

3. Non-Compliance with WASREB Corporate Governance Guidelines on Staff Costs

Total Operations and Maintenance (O&M) costs of Kshs. 789,906,361 comprise staff costs of Kshs. 435,659,305 (55%), general and operating expenses of Kshs. 304,453,239, and maintenance expenses of Kshs. 49,793,817. Staff costs constituting 55% of O&M costs

significantly exceeds the WASREB Corporate Governance Guidelines (2018) benchmark of 35% for a large company. Management was in breach of the law.

Management Response

Management stated that the new tariff implemented in November 2024 was expected to increase revenue and reduce the staff cost ratio, but was suspended by court in March 2025. Following the September 2025 court ruling reinstating the tariff, the staff cost to O&M ratio as at 31 December 2025 stands at 48% and is expected to decline further.

Committee Observation

The Committee observed that—

- i. staff costs of **KShs. 435,659,305** constituted **55%** of the total Operations and Maintenance (O&M) costs of **KShs. 789,906,361**. This significantly exceeds the benchmark set in the WASREB Corporate Governance Guidelines, 2018, which require that personnel costs as a share of O&M costs for a large water service provider shall not exceed 35%;
- ii. management attributes the high ratio to the court-ordered suspension of the new tariff (March–September 2025) and states that, following the tariff reinstatement, the ratio had improved to 48% as at 31 December 2025. While the Committee notes this partial post-year-end improvement, the 48% is still above the WASREB benchmark.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer develops and submits to the Senate, within 60 days of the adoption of this report, a comprehensive staff rationalisation and cost-reduction plan with clear, time-bound milestones aimed at bringing the staff cost to O&M ratio within the WASREB benchmark of 35% for large water service providers;
- ii. the Governor ensures the Accounting Officer implements effective measures to achieve and sustain compliance with the WASREB Corporate Governance Guidelines, 2018 on staff remuneration and cost ratios; and
- iii. the Auditor-General keeps this matter in view and specifically reports on the staff cost to O&M ratio and implementation of the rationalisation plan in the subsequent audit cycle.

4. Non-Compliance with Persons with Disabilities Act, 2017

Review of human resource records revealed that of the Company's 520 employees, only 9 (approximately 1.7%) are persons with disabilities. This falls below the statutory minimum

of 5% prescribed under Section 13 of the Persons with Disability Act, 2017. Management was in breach of the law.

Management Response

Management stated that nine (9) permanent staff and one (1) contracted staff have been awarded KRA tax exemptions in line with the Act. The Company commits to achieving the 5% target by registering eligible staff with NCPWD and providing equal opportunity in all future recruitment processes.

Committee Observation

The Committee observed that out of the ELDOWAS's total workforce of 520 employees, only 9 (approximately 1.7%) are persons with disabilities. This falls below the mandatory 5% minimum prescribed by Section 21 of the Persons with Disabilities Act, 2025 (Act No. 4 of 2025) and Article 54(2) of the Constitution.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer develops and implements a comprehensive recruitment, retention and mainstreaming plan for persons with disabilities, including registration with the National Council for Persons with Disabilities (NCPWD), affirmative action in all future recruitment processes, and reasonable accommodation measures, aimed at progressively achieving and sustaining the statutory 5% threshold under section 21 of the Persons with Disabilities Act, 2025;
- ii. the Governor ensures the Accounting Officer submits a detailed status report and implementation plan (including current numbers, targets, timelines and specific actions) to the Senate within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically verifies compliance with section 21 of the Persons with Disabilities Act, 2025 and Article 54(2) of the Constitution in the subsequent audit cycle.

5. Non-Compliance with National Cohesion and Integration Act, 2008

Of 520 employees, 290 (approximately 55%) are from the dominant ethnic community in the area. This contravenes Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which requires that no public establishment have more than one-third (33%) of its staff from the same ethnic community. Management was in breach of the law.

Management Response

Management stated that the majority of staff transitioned from the defunct Municipal Council. Recent recruitments for the Maintenance Officer, Legal Officer, and Sewerage

Manager positions demonstrated the Company's commitment to compliance. Further efforts are ongoing for both permanent and casual engagements.

Committee Observation

The Committee observed that 55% of ELDOWAS employees were from the same ethnic community, far exceeding the one-third constitutional threshold, in violation of the National Cohesion and Integration Act, Cap 7N.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer submits a workforce diversity plan to the Senate within 60 days of the adoption of this report, with clear targets and timelines for achieving compliance with the National Cohesion and Integration Act, 2008; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

6. Avoidable Expenditure on Tax Assessments and Penalties

General and operating expenses of Kshs. 304,453,239 include tax assessments and penalties of Kshs. 3,123,622 charged against the Company. The incurrence of tax penalties represents avoidable expenditure with no value for money to the public.

Management Response

Management stated that the amount relates to corporate income tax assessments for the period 1 July 2023 to June 2024.

Committee Observation

The Committee observed that—

- i. ELDOWAS general and operating expenses of KShs. 304,453,239 included tax assessments and penalties amounting to KShs. 3,123,622.
- ii. this represents avoidable expenditure incurred without any corresponding value for money to the public. Management stated that the amount relates to corporate income tax assessments for the period 1 July 2023 to June 2024.
- iii. the Accounting Officer is under a statutory duty to ensure full and timely compliance with all tax obligations as provided under Regulation 22(2)(a) of the Public Finance Management (County Governments) Regulations, 2015. Furthermore, accounting officers designated for county government entities are required under Section 149(1) of the Public Finance Management Act, Cap. 412A to safeguard public resources and avoid wasteful expenditure.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer adheres to regulation 22(2)(a) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to comply with all applicable tax obligations, failure to which the provisions of Section 197(i) of the Public Finance Management Act on financial misconduct and penalties for offences may apply;
- ii. the Governor ensures the Accounting Officer puts in place robust internal controls and timely tax compliance mechanisms to prevent the recurrence of avoidable tax assessments and penalties and submits a detailed report on the specific measures taken to strengthen tax compliance and internal controls to the Senate within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically verifies tax compliance and the absence of avoidable penalties 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 matters formed the basis for conclusion that internal controls, risk management, and overall governance were not effective—

1. Delayed Completion of Capital Projects — Work in Progress

The PP&E balance includes Work in Progress (WIP) of Kshs. 81,812,423. Physical verification conducted in October 2025 revealed that seven (7) projects were incomplete beyond their scheduled completion dates, as detailed below:

Project	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Status Oct 2025
Huruma Ward Water Project	867,028	813,694	53,334	Complete
Kampi Kartasi Sewer Project	5,883,084	3,319,124	2,563,960	In Progress
Maili Nne Water Rehabilitation	4,793,168	4,413,443	379,725	Complete

Racecourse ASK Ward Sewer	7,000,000	5,840,080	1,159,920	Complete
Kipkenyo Sewer Phase 2	5,000,000	3,466,759	1,533,241	75% Done
Langas Water Rehabilitation	5,614,850	3,778,863	1,835,987	Complete
Langas Ward Sewer Phase 5	10,924,187	10,973,594	(49,407) Over	Complete

The delayed completion deprived residents of intended benefits, and the WIP balance of Kshs. 81,812,423 could not be confirmed.

Management Response

Management cited delays due to: funding constraints for mechanical excavation of rocks and hard surfaces; delays by the KISSIP contractor completing road works on adjacent sites; restricted working space; high water table conditions requiring pumping; and procurement delays. Five of the seven projects are now closed with completion certificates issued. Kipkenyo Sewer Phase 2 is at 75% completion and Kampi Kartasi Sewer is planned for completion within FY 2025/2026.

Committee Observation

The Committee observed that seven capital projects under ELDOWAS with a combined budget of Kshs. 40,082,318 were incomplete at the time of audit verification in October 2025, denying residents the intended benefits. The Committee further noted that project commencement dates were not captured in certificates of completion.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer completes all outstanding capital projects within Financial Year 2025/2026 and submits completion certificates to the Auditor-General for verification;
- ii. the Governor ensures the Accounting Officer includes project commencement dates in all certificates and maintains detailed project scope documentation to ensure works are completed within stated timelines; and
- iii. the Auditor-General keeps this matter in view in the subsequent audit cycle.

2. Low Occupancy of Staff Houses and Failure to Optimize Rental Income

The Company has 55 staff houses, of which only 17 (31%) were occupied at the time of audit. Rent income of Kshs. 1,480,000 was collected during the year. Despite rising rental costs in Eldoret City, ELDOWAS has not adjusted housing charges or developed strategies to utilize idle houses. No measures were undertaken to explore alternative uses for the 38 unoccupied units, contrary to Section 14(1) and (2m) of the Public Finance Management Act, 2012.

Management Response

Management stated that staff houses are located within restricted treatment plant areas, constructed as duty houses for operational continuity, security, and shift flexibility. As at 31 December 2025: 42 units are allocated to paying staff tenants; 5 units serve as duty houses at various stations; and 8 units remain vacant.

Committee Observation

The Committee observed that ELDOWAS had 38 staff houses unoccupied at the time of audit, with no measures to optimize their use or adjust rental charges to reflect prevailing market rates, resulting in underutilization of public assets.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer develops a strategy to optimize the use and rental income of Company staff houses, including reviewing housing charges in line with prevailing market rates, and submits the strategy to the Senate within 90 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

CHAPTER TWO: MUNICIPALITY

2.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR MUNICIPALITY OF ELDORET FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 29th January 2026 to respond (under oath) to audit queries raised in the report of the Auditor-General on financial statements for the Municipality of Eldoret for the Financial Year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony-County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua-Chief Officer, Finance, Uasin Gishu County
3. Mr. Tito Koiyet-Municipal Manager, Municipality of Eldoret

REPORT ON THE FINANCIAL STATEMENTS

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

1. Inaccuracies in Presentation and Disclosure in Financial Statements

Review of the annual reports and financial statements submitted for audit revealed the following anomalies:

- a) A Note on cash generated from operations has not been included in the financial statements as required by the Public Sector Accounting Standards Board (PSASB) reporting template.
- b) Appendix I (Progress on Follow Up of Auditors' Recommendations) did not include all the issues raised in the 2023/2024 audit report on the financial statements and the report on lawfulness and effectiveness in the use of public resources.
- c) Inter-entity transfers under Appendix (ii) to the financial statements reflects recurrent grants of Kshs. 76,148,598 and development grants of Kshs. 74,721,300. However, there were no bank statements to support these transfers.
- d) Note 6a reflects property, plant and equipment prior year depreciation as at June 2024 for furniture and fittings of Kshs. 2,176,080 and total depreciation balance of Kshs. 15,056,372. However, review of the prior year financial statements revealed depreciation for furniture and fittings of Kshs. 954,000 and total depreciation balance of Kshs. 13,834,292. No prior year adjustments were passed to correct the current balances.

- e) The statement of changes in net assets reflects a prior year adjustment for depreciation balance of Kshs. (668,787) of surplus funds. However, no workings were provided to support this balance.
- f) The statement of financial performance reflects depreciation expense of Kshs. 10,011,755 whereas Note 3 to the financial statement reflects Kshs. 10,061,130, thereby leading to an unexplained variance of Kshs. 49,375.

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

Management Response

Management acknowledged the omission of a note on cash generated from operations and committed to correcting it in the subsequent year, noting that the information was captured in the Statement of Cash Flows. Management submitted that resolved audit issues will be included in Appendix I going forward. On inter-entity transfers, management stated that payments were made by the County Executive on behalf of the Municipality and were subsequently recorded as transfers. On the depreciation transposition error, management acknowledged it as a transposition error and committed to implementing measures to prevent recurrence.

Committee Observation

The Committee noted that with respect to sub-item (f), management clarified that the depreciation expense of Kshs. 10,011,755 and Note 3 reflect the same amount, resulting in a nil variance.

Committee Recommendation

The Committee recommends that—

- i. noting the mitigations by management on sub-item (f), the Committee recommends that the depreciation variance of Kshs. 49,375 be marked as resolved;
- ii. the Accounting Officer takes 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;
- iii. the Accounting Officer complies with section 149(2)(b) of the Public Finance Management Act, Cap. 412A and section 47(2) of the Public Audit Act, Cap. 412B in the preparation and management of financial and accounting records; and

- iv. the Accounting Officer strengthens internal audit controls and ensures proper record keeping in line with section 155 of the Public Finance Management Act, Cap. 412A and submits quarterly reports to the County Treasury and the Controller of Budget in accordance with section 168(3) of the Public Finance Management Act, Cap. 412A.

2. Transfers from the County Government

The statement of financial performance and Note 1 to the financial statements reflect transfers from the County Government amounting to Kshs. 148,939,177. However, there was no direct transfer of funds from the County Government to the Municipality of Eldoret bank accounts. It was noted that the County Executive made payments on behalf of the Municipality of Eldoret amounting to Kshs. 148,939,177, which the Accounting Officer treated as transfers.

In the circumstances, the accuracy and completeness of transfers from the County Government amount of Kshs. 148,939,177 could not be confirmed.

Management Response

Management submitted that the County Executive made payments on behalf of the Municipality amounting to Kshs. 148,939,177 and that in subsequent years, the Municipality will report the same as payments made on behalf of the Municipality in line with audit guidance.

Committee Observation

The Committee observed that—

- i. the statement of financial performance and Note 1 to the financial statements reflect transfers from the County Government amounting to KShs. 148,939,177. However, there was no direct transfer of funds from the County Government into the Municipality of Eldoret's (now City of Eldoret) own bank accounts. Instead, the County Executive made payments on behalf of the Municipality amounting to the same sum, which the Accounting Officer recorded as transfers;
- ii. section 9 of the Urban Areas and Cities Act, Cap. 275 establishes the relationship between the county government and the municipality as a principal-agent relationship which recognises the principal and agency relationship between the boards of urban areas and cities and their respective county governments including; the carrying out by a board of such functions as may be delegated by the county government; financial accountability to the county government; and the governance by each board for and on behalf of the county government;
- iii. section 172 of the Public Finance Management Act, 2012 provides that an urban area or city may be funded through various sources, including revenue allocated by

the county government to the urban area or city. However, Section 179 of the same Act is explicit that an urban area or city shall open and maintain a bank account in the name of the Urban Area or City, and with the approval of the respective County Executive Committee member for finance. Further, all money received by an urban area or city shall be paid into its bank account or accounts, and this shall be done promptly and in accordance with this Act and any requirements that may be prescribed;

- iv. the absence of direct transfers into the Municipality's own bank account, and the recording of County Executive payments as "transfers", is therefore not in full compliance with the legal framework governing the financial operations of urban areas and cities. This is a recurring matter from the previous financial year.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Municipality of Eldoret (now City of Eldoret) opens and maintains a dedicated bank account in its own name, in full compliance with Section 179 of the Public Finance Management Act, 2012, and that all future allocations and transfers from the County Government are paid directly into this account, supported by bank statements and proper accounting records;
- ii. the Governor ensures the Accounting Officer submits a status report to the Senate confirming the establishment and operation of the dedicated bank account and the mechanism for direct transfers, within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically verifies the establishment of the Municipality's own dedicated bank account and the proper recording of transfers in the subsequent audit cycle.

3. Misclassification of Expenses

The statement of financial performance and Note 4 to the financial statements reflect repairs and maintenance expenses of Kshs. 72,791,878. Included in this expense are advertisement costs of Kshs. 3,634,000 that were misclassified as repairs and maintenance expenses.

In the circumstances, the accuracy and completeness of repairs and maintenance expenses of Kshs. 72,791,878 could not be confirmed.

Management Response

Management acknowledged the misclassification and committed to correcting this in the subsequent financial reporting period.

Committee Observation

The Committee observed that advertisement costs of Kshs. 3,634,000 were misclassified under repairs and maintenance expenses.

Committee Recommendation

The Committee recommends that –

- i. the Accounting Officer corrects the misclassification by passing appropriate journal entries and reflecting the adjustment as a prior year item in the subsequent year's financial statements;
- ii. the Accounting Officer takes appropriate administrative action on responsible officers who fail to correctly classify expenditure in accordance with section 156(1) of the Public Finance Management Act, Cap. 412A; and
- iii. the Auditor-General verifies the corrective adjustments and provides a status update in the subsequent audit cycle.

4. Overstatement of Other General Expenses

The statement of financial performance reflects use of goods and services of Kshs. 76,148,598 which includes other general expenses of Kshs. 5,248,198 as disclosed in Note 2 to the financial statements. Examination of expenditure schedules revealed that payments for the supply of computers and printers of Kshs. 1,844,310 were erroneously included in other general expenses and also capitalized in property, plant and equipment, resulting in double accounting and hence overstatement of other general expenses by Kshs. 1,844,310.

In the circumstances, the accuracy and completeness of other general expenses of Kshs. 5,248,198 could not be confirmed.

Management Response

Management acknowledged the overstatement of Kshs. 1,844,310 and committed to correcting the same in the subsequent year as a prior year item by passing appropriate journal entries.

Committee Observation

The Committee observed that computers and printers worth Kshs. 1,844,310 were double-accounted expensed as general expenses and simultaneously capitalized as property, plant and equipment.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Accounting Officer corrects the double accounting of Kshs. 1,844,310 by passing the necessary prior year adjustment

- journal entries in the subsequent financial year, and submits evidence of the correction to the Auditor-General for verification;
- ii. the Governor ensures that the Accounting Officer strengthens internal controls over expenditure classification and asset capitalization policies to prevent recurrence; and
- iii. the Auditor-General keeps this matter in view and verifies the correction made in the subsequent audit cycle.

5. Misstatement of Expenditure Under Hospitality, Supplies and Services

The statement of financial performance reflects use of goods and services amount of Kshs. 76,148,598 which, according to Note 2 to the financial statements, includes hospitality supplies and services expenses amounting to Kshs. 44,851,190. However, review of the expenditure records revealed board expenses amounting to Kshs. 1,179,000 that were misclassified as hospitality supplies and services expenses. Further, the respective schedules provided in support of the expenditure reflected Kshs. 45,493,190, which differed from Note 2 to the financial statements resulting in an unexplained variance of Kshs. 642,000.

In the circumstances, the accuracy and completeness of hospitality supplies and services expenses of Kshs. 44,851,190 could not be confirmed.

Management Response

Management submitted that Note 2 to the financial statements captured Kshs. 44,851,190 under hospitality supplies and services and that the same amount is reported in the schedule attached, resulting in a nil variance.

Committee Observation

The Committee observed that board expenses of Kshs. 1,179,000 were misclassified under hospitality supplies and services, and an unexplained variance of Kshs. 642,000 remained unreconciled between Note 2 and the supporting schedules.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer provides a full reconciliation of the Kshs. 642,000 variances and submits this to the Auditor-General for verification within 30 days of the adoption of this report;
- ii. the Accounting Officer correctly reclassifies board expenses of Kshs. 1,179,000 to the appropriate expenditure category in the subsequent financial year; and
- iii. the Auditor-General provides a status update on the reconciliation and reclassification in the subsequent audit cycle.

6. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs. 1,232,250,255. However, Note 6a to the financial statements reflects Kshs. 1,233,541,272, resulting in an unexplained variance of Kshs. 1,291,017. Further review of the asset management systems of the Municipality of Eldoret revealed the following anomalies:

Management Response

Management submitted that the variance of Kshs. 1,291,017 represents the net book value for computers as at 30th June 2025, which were classified as general expenses in the financial statements. Management committed to undertaking corrective measures in the subsequent financial year.

Committee Observation

The Committee observed that there was an unexplained variance of Kshs. 1,291,017 between the property, plant and equipment balance in the statement of financial position and Note 6a to the financial statements.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer reconciles and corrects the variance of Kshs. 1,291,017 through appropriate journal entries reflected as prior year adjustments in the subsequent financial year, and submits evidence to the Auditor-General for verification; and
- ii. the Auditor-General provides a status update on the reconciliation in the subsequent audit cycle.

6.1. Asset Register

A comprehensive asset register detailing the assets owned, rate of depreciation and the net book values was not provided for audit review.

Management Response

Management submitted that the asset register has been attached for review.

Committee Observation

The Committee observed that the Municipality did not provide a comprehensive asset register during the audit process within the required timelines.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer maintains an up-to-date and comprehensive fixed asset register in compliance with National Treasury Circular No. 5/2020 and submits the updated register to the Auditor-General for verification within 30 days of the adoption of this report;
- ii. the Accounting Officer ensures timely submission of all documents and information requested during the audit process in compliance with Section 149(2)(k) of the Public Finance Management Act, 2012 and Section 47 of the Public Audit Act, 2015; and
- iii. the Auditor-General keeps this matter in view and specifically verifies the completeness and accuracy of the asset register in the subsequent audit cycle.

6.2. Valuation of Property, Plant and Equipment

A valuation report from a recognized valuer was not provided to support the values of the reported assets. This was contrary to the requirements of paragraph 49 of International Public Sector Accounting Standard (IPSAS) 17, Property, Plant and Equipment.

Management Response

Management submitted that the valuation was not undertaken during the year under review due to budgetary constraints but affirmed that it has been budgeted for under Supplementary 1 for FY 2025/2026.

Committee Observation

The Committee observed that the Municipality did not carry out a valuation of its assets as required by IPSAS 17. This is a recurring matter from prior years.

Committee Recommendation

The Committee recommends that the Governor ensures that an independent valuation of all assets is carried out by a recognized valuer and the valuation report submitted to the Auditor-General for verification within 60 days of the adoption of this report; and the Auditor-General provides a status update on the completion of the valuation exercise in the subsequent audit cycle.

6.3. Lack of Depreciation and Amortization Policy

The Municipality did not provide a policy on depreciation and amortization. Therefore, it could not be established how the depreciation and amortization amount of Kshs. 10,011,755 was arrived at.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs. 1,232,250,255 could not be confirmed.

Management Response

Management submitted that an Assets and Liabilities Policy has been developed and approved, and that this policy will guide asset depreciation and amortization in FY 2025/2026.

Committee Observation

The Committee observed that the Municipality did not have an approved depreciation and amortization policy during the year under review. This is a recurring audit query from the financial year 2023/2024.

Committee Recommendation

The Committee recommends that the Board of the City of Eldoret ensures that the approved Assets and Liabilities Policy, including the depreciation and amortization framework, is submitted to the Auditor-General for verification within 30 days of the adoption of this report; and the Auditor-General provides a status update on the adequacy and implementation of the depreciation policy in the subsequent audit cycle.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts and actual amount on a comparable basis of Kshs. 693,828,904 and Kshs. 194,450,006 respectively, leading to under-receipts of Kshs. 499,378,898 or 72% of the budget. The under-receipts impacted negatively on the delivery of services to the residents of the Municipality of Eldoret.

Management Response

Management submitted that the underperformance resulted from the non-disbursement of donor funds amounting to Kshs. 499,378,898, comprising Urban Institutional Grants (UIG) and Urban Development Grants (UDG). Management provided a letter from the Council of Governors on the status of disbursement as supporting evidence.

Committee Observation

The Committee noted that the Municipality had an under-receipt of Kshs. 499,378,898 representing 72% of the budget due to non-disbursement of donor funds comprising Urban Institutional Grants (UIG) and Urban Development Grants (UDG).

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Accounting Officer strictly complies with section 149(2)(h) and (i) of the Public Finance Management Act, Cap. 412A and the standards prescribed by the Public Sector Accounting Standards Board under IPSAS 24 on the presentation of budget information in the financial statements; and
- ii. the Governor ensures the Municipality prepares realistic budgets that do not over-rely on uncertain donor funding, with dependency on such funds disclosed and supported by confirmed commitment letters prior to budget formulation.

Transitioning from Municipality of Eldoret to City of Eldoret

The Municipality of Eldoret was chartered on 17th December 2018 and subsequently upgraded to City status on 18th June 2025, in accordance with Section 11.12(1) of Legal Notice No. 112, Legislative Supplement No. 54, and the Charter awarded on 18th June, 2025. The Charter stipulates that the transition from Municipality to City status takes effect upon publication in the Kenya Gazette through Kenya Gazette Supplement No. 91 on 18th June, 2025. This meant that City status was in place for only 12 days for the year ended 30th June, 2025.

In the circumstances, the Municipality's financial statements have been prepared for the period ended 30th June 2025, as the structures required to support the resource-utilization operations of the City had not been established by the close of the financial year.

Management Response

Management confirmed that the Municipality was awarded the City Charter on 18th June 2025. Consequently, the financial statements for the year under review were prepared under the Municipality of Eldoret.

Committee Observation

The Committee observed that the City of Eldoret was inaugurated on 18th June 2025 and City status was effective for only 12 days within the financial year. The institutional and governance structures for the City had not been established by 30th June 2025.

Committee Recommendation

The Committee recommends that the Governor of Uasin Gishu County ensures the expeditious establishment of all governance, financial management and administrative structures for the City of Eldoret in accordance with the City Charter and the Urban Areas and Cities Act, Cap. 275, and submits a transition implementation plan to the Senate within 60 days of the adoption of this report; and

the Auditor-General keeps the transition process in view and provides a status update in the subsequent audit cycle.

Other Matters

Unresolved Prior Year Audit Matters

In the audit report of the previous year (FY 2023/2024), several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for the delay in resolving them.

Management Response

Management acknowledged the outstanding prior year audit matters and confirmed that the entity appeared before the Committee during the previous audit cycle. Management indicated it is implementing corrective actions within its mandate and remains committed to full implementation of all recommendations.

Committee Observation

The Committee observed that –

- i. several prior year audit raised in the previous year's audit report under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance remain unresolved;
- ii. the specific unresolved issues include unconfirmed water sales, asset valuation gaps, motor vehicle ownership documents, outstanding trade receivables, VAT refund recovery, and ethnic composition non-compliance; and
- iii. management acknowledged the outstanding issues and indicated that corrective actions are being implemented. While the Committee notes these efforts, section 149(2)(1) of the Public Finance Management Act, Cap 412A requires the Accounting Officer to try to resolve any issues resulting from an audit that remain outstanding. Further, once the Senate has considered and made recommendations on the audit report, the Accounting Officer is under a statutory obligation to implement the recommendations or provide satisfactory explanations under Section 53(1) of the Public Audit Act, 412B.

Committee Recommendation

The Committee recommends that—

- i. the Accounting Officer takes immediate and effective steps to fully resolve all outstanding prior year audit issues listed above in accordance with section

- 149(2)(l) of the Public Finance Management Act, Cap. 412A, failing which, in accordance with section 53(2) of the Public Audit Act, Cap 412B, the accounting officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others; and
- ii. the Governor ensures the Accounting Officer submits a detailed status report on mitigation measures, including specific timelines and evidence of resolution for each matter, within 60 days of the adoption of this report.

CHAPTER THREE: HOSPITALS

3.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR HURUMA LEVEL 4 HOSPITAL FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Huruma Level 4 Hospital for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony-County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua-Chief Officer, Finance, Uasin Gishu County

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Huruma Level 4 Hospital for the period under review based on the following matters.

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue final budget and actual on comparable basis of Kshs. 12,000,000 and Kshs. 9,510,319 resulting to under-funding of Kshs. 862,462 or 7% of the budget. Similarly, the Hospital spent Kshs. 5,832,073 against actual receipts of Kshs. 9,510,319 resulting in under-expenditure of Kshs. 3,678,236 or 25% of the actual receipts. The under-performance affects the planned activities and may have impacted negatively service delivery to the public.

Management Response

The underfunding was a result of delay in disbursement of funds from SHA.

Committee Observation

The Committee observed that Huruma Level 4 Hospital recorded under-funding of Kshs. 862,462 (7%) and under-expenditure of Kshs. 3,678,236 (25%) of actual receipts against budget, negatively impacting service delivery.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer develops and submits a plan to address budgetary shortfalls, including engagement with SHA to expedite disbursements, within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

1. Non-Compliance with Universal Health Coverage (UHC) Requirements

Review of Hospital records and verification of services offered, equipment used and medical specialists in the Hospital revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of seventy-six (76) or 75% of the authorized establishment. The Hospital also lacked the necessary equipment, including 0 ICU beds against a requirement of 6, 0 HDU beds against a requirement of 6, 0 renal dialysis machines against a requirement of 5, and only 18 beds against a requirement of 150. These deficiencies contravene the First Schedule of the Health Act, 2017 and Article 43(1) of the Constitution of Kenya, 2010.

Management Response

Management acknowledges the concerns raised regarding under-staffing, inadequate services, and limited equipment. These gaps are largely attributed to budgetary limitations. Management has commenced engagement with the County Government to address the gaps, and during the most recent recruitment exercise, Huruma Hospital received additional staff. Management continues to appeal for additional staff to fully address the existing shortfalls.

Committee Observation

The Committee observed that Huruma Level 4 Hospital had critical staff and equipment deficits, including no ICU beds, no HDU beds, no dialysis machines, and only 18 beds against a required 150, constituting a breach of the Health Act, 2017 and falling short of UHC requirements.

Committee Recommendation

The Committee recommends that the Governor prioritises addressing staffing and equipment deficiencies at Huruma Level 4 Hospital in line with the Kenya Quality Model for Health Policy Guidelines and submits a corrective action plan with timelines to the Senate within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Anomalies in Property, Plant and Equipment

Physical verification carried out in September 2025 revealed that the Hospital owned movable and non-movable assets of undetermined value relating to land, buildings, motor

vehicles, furniture, office fixtures and fittings, fireproof cabinets, television sets, computers and laboratory equipment which were not valued and were undisclosed in the financial statements. In addition, the assets were not tagged and no detailed asset schedule was provided for review.

Management Response

Management recognizes the audit observation regarding the non-disclosure of non-current assets. Management will engage a qualified valuer to evaluate these assets and ensure their inclusion in the forthcoming financial statements. A comprehensive fixed asset register will be maintained.

Committee Observation

The Committee observed that Huruma Level 4 Hospital failed to disclose and value its assets in the financial statements contrary to Section 136(1) of the Public Finance Management Regulations, 2015.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer engages a qualified valuer to value all Hospital assets and discloses them in the financial statements; and that a comprehensive asset register is established and maintained in compliance with regulation 136(1) of the PFM (County Government) Regulations, 2015, within 90 days of the adoption of this report.

2. Non-Compliance with Mwongozo Code of Governance on Board of Management

Review of Board operations revealed that the Hospital spent Kshs. 84,000 on Board of Management expenses during the year. However, it was noted that the Board Members had not been gazetted by the Public Service and issued with appointment letters as required by Section 1.11(11) of the Mwongozo Code of Governance. Further, the Hospital did not have a Board Charter in place, meaning the roles, responsibilities, and governance functions of the Board were not formally defined or documented.

Management Response

Management acknowledges the audit observation. The Board has since been duly constituted and officially announced in accordance with Section 1.11(11) of the Mwongozo Code of Governance as evidenced by the Gazette Notice. The Board is in the process of adopting a Board Charter in compliance with the relevant regulations to formally define its roles, responsibilities, and governance functions.

Committee Observation

The Committee observed that Huruma Level 4 Hospital spent Kshs. 84,000 on Board expenses at a time when the Board Members had not been gazetted and no Board Charter was in place, in breach of the Mwongozo Code of Governance. The Committee noted that the Board has since been duly gazetted; however, the Board Charter is yet to be developed and adopted.

Committee Recommendation

The Committee recommends that the Governor ensures all Board Members are formally gazetted in compliance with the Mwongozo Code of Governance and that a Board Charter is developed and adopted within 60 days of the adoption of this report.

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs. 3,810,138 as disclosed in Note 36 to the financial statements. Review of ageing analysis revealed that Kshs. 1,198,994 had been outstanding for between 1-2 years, Kshs. 1,218,260 for 2-3 years, and Kshs. 1,381,138 had been outstanding for more than 3 years. There was no evidence of tangible intervention to pay the long outstanding balances, raising concerns about the Hospital's going concern status.

Management Response

The delays arose mainly due to cash flow constraints. However, the facility has made tremendous efforts to clear pending bills supported by consistent reimbursement of funds from SHA. As at the time of response, the outstanding balance had significantly reduced, with outstanding bills amounting to Kshs. 792,000 from Lovington Security.

Committee Observation

The Committee observed that Huruma Level 4 Hospital had long-outstanding trade payables of Kshs. 3,810,138, with amounts outstanding for over 3 years, raising going concern concerns. The Committee further noted that management has made significant progress in settling the outstanding bills, with the balance reducing to Kshs. 792,000 owed to Lovington Security as at the time of response.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer develops and implements a structured payables settlement plan and submits a progress report to the Senate within 60 days of the adoption of this report.

4. Lack of Internal Audit Function

Review of records revealed that the Hospital had not established an internal audit function and was relying on Internal Audit Services from the County. Further, internal audit reports were not provided for audit verification, making it impossible to confirm the effectiveness of internal controls and risk management.

Management Response

Management acknowledges the observation concerning the lack of an in-house internal audit function and reliance on the County Internal Audit Unit. The facility functions under the internal audit framework of the County Government. Management is actively collaborating with the County Internal Audit Unit to guarantee regular monthly audit coverage of the hospital and prompt dissemination of internal audit reports.

Committee Observation

The Committee observed that Huruma Level 4 Hospital lacked an internal audit function and no internal audit reports were provided, raising concerns about the adequacy of internal controls.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer establishes a robust internal audit arrangement for the Hospital, either in-house or through formal engagement with the County Internal Audit Unit, with regular reports submitted quarterly within 60 days of the adoption of this report.

5. Lack of Annual Procurement and Disposal Plans

Review of records revealed that the Hospital did not have a procurement plan and a disposal plan to guide its operations during the year, contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020. Further, there were obsolete assets due for disposal but no Disposal Committee had been constituted.

Management Response

Management has taken note of the auditors' observation. Management is incorporating an Annual Disposal Plan into the asset management process. A disposal committee will be formally established to ensure proper identification, documentation, and processing of unserviceable, surplus, or obsolete assets.

Committee Observation

The Committee observed that Huruma Level 4 Hospital operated without an approved procurement plan and disposal plan, and had no constituted Disposal Committee, in breach of the Public Procurement and Asset Disposal Regulations, 2020.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer prepares and implements annual procurement and disposal plans in compliance with Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020, and formally constitutes a Disposal Committee within 60 days of the adoption of this report.

6. Inventory Management Weaknesses

Review of records revealed that the Hospital lacked a proper Inventory Management System to monitor stock levels at the pharmacy and stores. The Hospital failed to carry out a stock take at the close of the year. Further, internal controls in the pharmacy store were weak as staff receiving and issuing goods also kept records, creating a lack of segregation of duties.

Management Response

Management has taken note of the audit observation. The management is implementing quarterly stock-taking and end-of-financial-year stock counts. Measures will be enhanced to ensure compliance and proper accountability for all inventories under the facility's management.

Committee Observation

The Committee observed that Huruma Level 4 Hospital had weak inventory management controls including failure to conduct stock takes and inadequate segregation of duties at the pharmacy store.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer implements a robust inventory management system with proper segregation of duties, regular stock takes, and updated bin cards within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

3.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR TURBO LEVEL 4 HOSPITAL FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Turbo Level 4 Hospital for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony-County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua-Chief Officer, Finance, Uasin Gishu County

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered an **Adverse Opinion** on the Financial Statements of Turbo Level 4 Hospital for the period under review based on the following matters.

1. Anomalies in Presentation, Accuracy and Disclosure in Financial Statements

Review of the financial statements submitted for audit revealed numerous anomalies including: Board of Management profiles lacked photographs of four members and profiles for six members were not disclosed; the financial statements contained PSASB guidance notes that should have been deleted; the net assets balance of Kshs. 7,019,523 could not be reconciled; a double accounting of Kshs. 4,786,557 for grants and subsidies expenses was identified; in-kind revenue from County Government reflected a variance of Kshs. 886,000; and in-kind donations were not included in the budget comparison statement.

Management Response

Management notes the variances in the Statement of Financial Position and Statement of Changes in Net Assets, which arose from arithmetic and presentation inconsistencies during preparation. Management has noted all observations and has put measures in place to strengthen the review process during preparation of financial statements to ensure all required disclosures are included and issues are rectified in subsequent financial statements.

Committee Observation

The Committee observed that the financial statements of Turbo Level 4 Hospital had multiple material anomalies in presentation, accuracy and disclosure, including double accounting of Kshs. 4,786,557 and unexplained variances, warranting an Adverse Opinion from the Auditor-General.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer prepares accurate and fully compliant financial statements in accordance with IPSAS and PSASB guidelines, with robust review and reconciliation processes in place, and submits restated financial statements within 90 days of the adoption of this report.

2. Variances in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs. 3,202,400. However, review of cashbook balances revealed a variance of Kshs. 173,520 in one account and Kshs. 2,050 in another. Additionally, one bank account was not disclosed in the financial statements, no cashbook was maintained for it, and monthly bank reconciliations were not performed.

Management Response

Management notes the observations. The variance in account 1 arose from unrepresented cheques. The undisclosed account will be included in future financial statements. The accountant has been instructed to maintain cashbooks for all accounts and perform monthly bank reconciliations.

Committee Observation

The Committee observed that Turbo Level 4 Hospital had unreconciled variances in cash and cash equivalents and an undisclosed bank account, indicating weaknesses in cash management and financial reporting.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer maintains cashbooks for all bank accounts, performs monthly bank reconciliations, and discloses all bank accounts in financial statements within 60 days of the adoption of this report.

3. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to critical staff deficits, including zero Medical Officers against a requirement of 16, zero Anaesthesiologists, zero General Surgeons, zero Gynaecologists and zero Paediatricians. Additionally, the Hospital lacked essential equipment including beds (only 20 against a requirement of 150), no ICU beds, no HDU beds, no dialysis machines and no functional operating theatres. These

deficiencies contravene the First Schedule of the Health Act, 2017 and Article 43(1) of the Constitution.

Management Response

Management notes the observation regarding deficiencies in staffing and equipment relative to Level 4 Hospital standards. The County Government during the last recruitment posted additional staff to Turbo Sub-County Hospital. The facility is planning to procure the missing equipment with the availability of funds.

Committee Observation

The Committee observed that Turbo Level 4 Hospital had severe staffing and equipment deficiencies, with zero doctors and critical gaps in essential medical equipment, constituting a breach of the Health Act, 2017 and seriously undermining Universal Health Coverage.

Committee Recommendation

The Committee recommends that the Governor urgently addresses the critical staffing and equipment deficiencies at Turbo Level 4 Hospital, submits a comprehensive resourcing plan with clear timelines to the Senate within 60 days of the adoption of this report, and the Auditor-General keeps this matter in view in the subsequent audit cycle.

4. Lack of Assets Disposal Plan and Non-Disposal of Hazardous Roofing Materials

Review of records revealed that Management did not prepare an Annual Disposal Plan for obsolete assets and no Disposal Committee had been constituted. Further, the Hospital held waste disposed through burning which is not environmentally safe. In addition, the Hospital has old structures with asbestos roofing, a declared cancer-causing substance, and no disposal plans or mitigations have been put in place to replace the asbestos roofing.

Management Response

Management acknowledges the environmental and health risks identified. Management will prepare an Annual Disposal Plan and constitute a Disposal Committee. The County Department of Health has been requested to prioritise installation of an incinerator. The issue of asbestos roofing has been escalated to the County Government for immediate mitigation and inclusion in the County's development plan.

Committee Observation

The Committee observed that Turbo Level 4 Hospital had unaddressed disposal of obsolete assets and continued use of asbestos roofing, posing a serious health risk to staff and patients in breach of environmental and public health laws.

Committee Recommendation

The Committee recommends that the Governor urgently develops and implements an asbestos removal and replacement plan for Turbo Level 4 Hospital and submits a timeline to the Senate within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

5. Failure to Maintain Fixed Asset Register

The Hospital did not maintain a fixed asset register contrary to Regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015. There was also no evidence of asset valuation to ascertain correct market values.

Management Response

Management acknowledges the observation and has initiated the process of conducting a facility asset verification exercise in order to maintain a comprehensive fixed asset register in compliance with regulations.

Committee Observation

The Committee observed that Turbo Level 4 Hospital failed to maintain a fixed asset register and had not conducted asset valuation, in breach of PFM Regulations.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer establishes and maintains a comprehensive fixed asset register in compliance with regulation 136(1) of the Public Finance Management (County Government) Regulations, 2015 within 90 days of the adoption of this report.

3.3 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU DISTRICT HOSPITAL FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County Hon. Dr. Jonathan Bii Chelilim, EGH, appeared on 19th March 2026, before the Committee to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu District Hospital for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony-County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua-Chief Officer, Finance, Uasin Gishu County

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu District Hospital for the period under review based on the following matters.

1. Inaccuracies in Presentation of Financial Statements

Review of financial statements revealed various anomalies including: in-kind transfers of Kshs. 156,966,770 were incorrectly recognized as cash in the Statement of Cash Flows; the cash and cash equivalents balance of Kshs. 19,159,939 was the same at the beginning and end of the year, suggesting no transactions occurred; a net cash flow variance of Kshs. 501,033 was unexplained; and actual amounts in the statement of comparison of budget and actual amounts could not be confirmed as supporting ledgers were not provided.

Management Response

Management acknowledged the audit observations on the Statement of Cash Flows. The cash and cash equivalents balance was erroneously represented at 30 June 2024, and the recognition of in-kind transfers as cash receipts was an error. Management will ensure all relevant ledgers and supporting documentation are properly maintained and made available during future audits.

Committee Observation

The Committee noted that management provided ledgers, payroll summaries and other supporting documentation for the In-Kind Contributions, Unsupported Expenses and Cash and Cash Equivalent.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

2. Rendering of Services - Medical Services Income Variance

The statement of financial performance reflects rendering of services of Kshs. 33,551,792. However, review of documents revealed total collections of Kshs. 41,587,307 from SHA, SHIF and SISIBO, resulting in an unexplained variance of Kshs. 8,035,516. Further, Management did not maintain a revenue cashbook with details of daily billings and collections per patient.

Management Response

Management noted that the Facilities Improvement Financing (FIF) Act was implemented in April 2025. Prior to this, all funds collected through SISIBO were deposited to the County Revenue Fund. Revenue collected from July 2024 to March 2025 of Kshs. 8,035,516 was deposited to the County Revenue Fund and the remainder deposited to the Hospital account.

Committee Observation

The Committee observed that Uasin Gishu District Hospital had an unexplained variance of Kshs. 8,035,516 between reported revenue and actual collections, and lacked a revenue cashbook, undermining accountability for public revenue.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer maintains a comprehensive revenue cashbook, reconciles all revenue collections through SISIBO, SHA and SHIF, and reports all revenue accurately in the financial statements within 60 days of the adoption of this report.

3. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Verification of services offered at Uasin Gishu District Hospital revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits, including only 2 medical officers against a requirement of 16, zero Paediatricians, zero Psychiatrists, and only 9 beds against a requirement of 30, with zero operating theatres against a requirement of 2. These deficiencies contravene the First Schedule of the Health Act, 2017.

Management Response

Management has noted the audit observation. The Hospital Management has recently undertaken a recruitment exercise, which has already reduced some identified staffing gaps. Further internal engagements are ongoing to ensure that the remaining vacancies are progressively addressed in line with Kenya Quality Model for Health requirements.

Committee Observation

The Committee observed that Uasin Gishu District Hospital had critical staffing and equipment deficiencies, including only 2 doctors and 9 beds, against required levels, in breach of the Health Act, 2017 and contrary to UHC objectives.

Committee Recommendation

The Committee recommends that the Governor urgently addresses the staffing and equipment deficiencies at Uasin Gishu District Hospital and submits a comprehensive resourcing plan with clear timelines to the Senate within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

4. High Wage Bill

The statement of financial performance reflects employee costs of Kshs. 143,549,786, representing 84% of total expenditure and 75% of total revenue. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Government) Regulations, 2015, which requires expenditure on wages and benefits not to exceed 35% of County Government revenue. Management was in breach of the law.

Management Response

Management notes the audit observation. The high wage-to-expenditure ratio has been acknowledged as a matter requiring attention. The Hospital Board has taken note of the issue and will put appropriate measures in place to address it, including reviewing staffing levels, cost structures, and overall wage management.

Committee Observation

The Committee observed that Uasin Gishu District Hospital's employee costs at 84% of total expenditure significantly exceeded the 35% statutory threshold, constituting a breach of the PFM (County Government) Regulations, 2015.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer develops a wage bill rationalisation plan to bring employee costs within the statutory 35% benchmark and submits a progress report to the Senate within 60 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

5. Weakness in Internal Control Environment

Review of the overall internal control environment revealed that the Hospital did not have an Internal Audit function and Audit Committee, a Risk Management Policy and Management Framework, an Approved Staff Establishment, an Approved Human Resource Policy, a Procurement Plan, or an Approved Disaster Recovery Plan, undermining governance and accountability.

Management Response

Management has noted the audit observation regarding the gaps identified in the internal control environment. The Hospital acknowledges the need to strengthen its governance, risk management, and internal control structures and is taking steps to establish the necessary policies, frameworks, and oversight mechanisms.

Committee Observation

The Committee observed that Uasin Gishu District Hospital had systemic weaknesses in its internal control environment, lacking basic governance frameworks including an Internal Audit function, Risk Management Policy, and Procurement Plan.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer puts in place all required governance, risk management, and internal control frameworks including an Internal Audit function and Audit Committee within 90 days of the adoption of this report; and the Auditor-General keeps this matter in view in the subsequent audit cycle.

CHAPTER FOUR: FUNDS

4.1 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY MORTGAGE AND CAR LOANS SCHEME FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu County Mortgage and Car Loans Scheme Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua - Chief Officer, Finance, Uasin Gishu County
3. Mr. Koech Mutai - Fund Administrator

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu County Mortgage and Car Loans Scheme Fund for the period under review based on the following matters.

1. Non-Performing Loans

The statement of financial position reflects receivables from exchange transactions of Kshs. 507,378,256. However, review of loan repayment and amortization schedules revealed that loans amounting to Kshs. 118,940,815 were not performing, with ten (10) loan accounts showing identical balances at 30 June 2024 and 30 June 2025, indicating no repayments were made during the year.

Management Response

Management will establish a robust follow-up mechanism to ensure recovery of outstanding balances and minimize the risk of default. Management is working with the legal department with a view to instituting legal processes for recovery of all outstanding loans and enforcing loan recovery through resale of charged securities.

Committee Observation

The Committee observed that –

- i. the Uasin Gishu County Mortgage and Car Loans Scheme Fund recorded non-performing loans totalling Kshs. 118,940,815. Ten (10) loan accounts showed identical balances as at 30 June 2024 and 30 June 2025, indicating **zero repayments**

- during the entire year. This occurred despite the mandatory requirement under the Fund Regulations that borrowers repay through the salary check-off system;
- ii. neither the Management Committee nor the Officer Administering the Fund exercised the powers conferred by **regulation 15** of the Public Finance Management (Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 (call in the loans, revert interest to commercial rates, or sell charged securities). This may constitute a dereliction of supervisory duty by the Officer Administering the Fund contrary to **regulation 16(1)(a)** of the same Regulations, which requires him/her to “supervise and control the administration of the Fund.” The prolonged inaction has exposed the Fund to a material risk of loss of public funds and threatens the very sustainability of the Scheme.

Committee Recommendation

The Committee recommends that –

- i. the Governor ensures that the Officer Administering the Fund and the Management Committee immediately invoke the provisions of Regulation 15 of the Public Finance Management (Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 to call in all non-performing loans, revert interest rates to commercial rates where applicable, and initiate legal recovery proceedings including the sale of charged properties by public auction or private treaty;
- ii. the Governor causes disciplinary proceedings to be instituted against the Officer Administering the Fund for failure to enforce check-off deductions and exercise recovery powers, and holds the said Officer personally liable for any losses arising from the non-performing loans in accordance with Section 199 of the Public Finance Management Act, Cap 412A;
- iii. the Governor ensures the Officer Administering the Fund submits a comprehensive recovery action plan and status report (including court filings, properties scheduled for auction, and expected recovery amounts) to the Senate within 60 days of the adoption of this report;
- iv. in light of the prolonged inaction, potential negligence and material risk of loss of public funds, the Ethics and Anti-Corruption Commission (EACC) commences investigation into the circumstances leading to the non-performing loans, including any elements of misconduct, dereliction of duty, or economic crime by the Officer Administering the Fund, the Management Committee, or other responsible officers, and to take appropriate action including recovery of assets or prosecution as necessary; and further the EACC provides a status

- update on the commencement, progress, and any preliminary findings of the investigation to the Senate (through the relevant Committee) within 60 days of the adoption of this report; and
- v. the Auditor-General keeps this matter in view and specifically reports on the level of recoveries achieved in the subsequent audit cycle.

2. Non-Compliance with SRC Guidelines in Disbursement of Mortgage Scheme Funds

Review of documentation revealed that a former Governor was advanced a mortgage loan of Kshs. 40,000,000 in FY 2016/2017, later topped up to Kshs. 64,000,000, exceeding the allowed maximum for a Governor by Kshs. 24,000,000 contrary to SRC Circular Ref: SRC/ADM/GR/1/13 VOL III (128) of 17 December, 2014 which prescribed a maximum of Kshs. 30 million. This former Governor is currently in default of the mortgage loan.

Management Response

Fund Management has initiated recovery procedures for the excess amount disbursed. The Fund will strengthen internal controls to ensure strict adherence to SRC guidelines in future disbursements.

Committee Observation

The Committee observed that –

- i. the Committee observed that the Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund disbursed an initial mortgage loan of KShs. 40,000,000 to a former Governor in FY 2016/2017, which was within the maximum allowable limit of KShs. 40,000,000 prescribed for County Governors under **paragraph 5** of the Salaries and Remuneration Commission (SRC) Circular Ref: SRC/ADM/CIR/1/13 Vol. III (128) dated 17 December 2014 and consistent with Regulation 11(1) and Regulation 11(5) of the Public Finance Management (Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 (Legal Notice No. 1 of 2015), which stipulate that the maximum loan shall be as per SRC guidelines at the time of application and explicitly allow a member of the County Executive Committee (including a Governor) to access the full maximum amount in up to two disbursements per term of service. However, the Fund later approved and disbursed a top-up of KShs. 24,000,000, bringing the total loan to KShs. 64,000,000 and thereby exceeding the SRC-prescribed maximum by KShs. 24,000,000. This top-up contravenes the thresholds set by the SRC and Regulation 11(1) of the Fund Regulations.

- ii. the Committee further observed that the former Governor is currently in default on the mortgage loan. Pursuant to **paragraph 7** of the same SRC Circular, where a State officer leaves public service (other than on disciplinary grounds), the loan terms remain in force unless in default, in which case the interest rate reverts to **commercial terms**. There is no evidence that the Fund Administrator or Management Committee has enforced this mandatory provision by reverting the interest rate or pursued recovery measures. This breach of SRC guidelines, exposes the Fund to significant financial loss and undermines public resource safeguards.

Committee Recommendation

The Committee recommends that—

1. the Governor ensures that the Fund Management immediately reverts the interest rate on the outstanding mortgage loan balance to commercial terms as required under paragraph 7 of the SRC Circular Ref: SRC/ADM/CIR/1/13 Vol. III (128) dated 17 December 2014 and initiates full recovery proceedings for the entire outstanding balance, including the excess KShs. 24,000,000 disbursed contrary to paragraph 5 of the SRC Circular and Regulation 11(1) of the Public Finance Management (Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015;
2. the Governor causes the Officer Administering the Fund and relevant Management Committee members to be held accountable for approving and disbursing the excess amount in breach of Regulation 11, including through disciplinary proceedings and potential personal liability for any resultant loss pursuant to Section 199 of the Public Finance Management Act, 2012;
3. the Governor ensures the Fund Management submits a detailed recovery status report to the Senate (including evidence of rate reversion, legal actions filed, timelines for full settlement, and any interest accrued at commercial rates) within 60 days of the adoption of this report; and
4. the Auditor-General keeps this matter in view and specifically verifies compliance with SRC guidelines under Section 5 and Section 7, adherence to Regulation 11 of the Fund Regulations, rate reversion, and recovery progress in the subsequent audit cycle.

3. Failure to Remit Fringe Benefit Tax

The Fund did not provide evidence of remittance of applicable fringe benefits tax to the Kenya Revenue Authority on loans advanced at interest rates lower than the prevailing market interest rates, contrary to Section 12B(1) of the Income Tax Act Cap. 470 which

requires fringe benefit tax to be payable by every employer in respect of loans provided at below-market interest rates.

Management Response

Management will ensure that due diligence is done in remittance of fringe benefit tax accrued from the low-interest loans to KRA to avoid possible payment of penalties and fines in future.

Committee Observation

The Committee observes that—

- i. the Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund did not provide any evidence of remittance of Fringe Benefit Tax on loans advanced to employees at interest rates lower than the prevailing market interest rate. This constitutes a breach of **Section 12B (1)** of the Income Tax Act (Cap. 470), which provides that **a tax to be known as fringe benefit tax shall be payable by every employer** in respect of a loan provided at an interest rate lower than the market interest rate to an employee, director, or their relative;
- ii. pursuant to **Section 12B (2)** of Cap 470, the taxable value of the fringe benefit is the difference between the interest that would have been payable had the loan been charged at the market interest rate prescribed by the Kenya Revenue Authority and the actual interest paid on the loan. The tax is charged at the corporate tax rate on the monthly taxable value and is due and payable by the 10th day of the following month under **Section 12B (3)**. The Fund, as the employer administering the Mortgage and Car Loans Scheme, is directly liable for this tax; and
- iii. the failure to remit the fringe benefit tax over the years exposes the Fund and the County Government to penalties and interest under the Tax Procedures Act, 469B, resulting in unnecessary loss of public funds.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Officer Administering the Fund immediately computes all outstanding Fringe Benefit Tax liabilities (including accrued penalties and interest) and remits the full amount to the Kenya Revenue Authority;
- ii. the Governor ensures the establishment of internal mechanisms for the monthly calculation, proper accounting, and timely remittance of Fringe Benefit Tax to guarantee ongoing compliance with Section 12B of the Income Tax Act (Cap. 470);

- iii. the Governor ensures the Fund submits a comprehensive compliance report to the Senate (detailing the total liability computed, proof of full remittance to KRA, and the mechanism established for future compliance) within 60 days of the adoption of this report; and
- iv. the Auditor-General keeps this matter in view and specifically verifies the remittance of outstanding Fringe Benefit Tax and ongoing compliance in the subsequent audit cycle.

4. Lack of Automated Loan Management System

The Fund has disbursed a total of Kshs. 693,643,599 since inception but maintains its books of account manually using Excel spreadsheets. The calculation of loan interest is also performed manually, which is time-consuming, prone to errors, manipulation, and possible window dressing, compromising the accuracy and integrity of financial records contrary to Article 201 of the Constitution of Kenya, 2010.

Management Response

Management will prioritise the budgeting and implementation of a centralized and automated loan management system to enable tracking of loans, reminders to defaulters, and accurate interest calculations.

Committee Observation

The Committee observes that—

- i. despite having disbursed a total of KShs. 693,643,599 in mortgage and car loans since the Fund's inception in 2015, the Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund continues to maintain its books of account and loan records **manually using Excel spreadsheets**, with interest calculations also performed manually; and
- ii. while Regulation 16(1)(c) of the Public Finance Management (Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund) Regulations, 2015 (Legal Notice No. 1 of 2015), requires the Officer Administering the Fund to "*cause to be kept books of accounts and other books and records in relation to the Fund and for all loans financed from the Fund*"; the prolonged reliance on purely manual systems for the past ten years exposes the Fund to significant risks of errors and manipulation. It is therefore inconsistent with the principles of public finance under Article 201 of the Constitution of Kenya, 2010 (transparency, accountability and effective financial management)

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures that the Officer Administering the Fund immediately prioritises the development and full implementation of an automated loan management system capable of tracking loans, generating automatic reminders to defaulters, performing accurate interest calculations, and producing reliable financial reports;
- ii. the Governor ensures the Fund Management submits a detailed progress report and implementation timeline (including procurement status, system specifications, expected go-live date, and budget allocation for the current and next financial year) to the Senate within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically verifies the implementation of the automated loan management system and the accuracy of records in the subsequent audit cycle.

5. Unreconciled Variances Between Financial Statements and Trial Balance

Review of balances in the financial statements against the trial balance for the year revealed unreconciled variances in interest income (Kshs. 2,106,260), current receivables from exchange transactions (Kshs. 59,501,292), long-term receivables from exchange transactions (Kshs. 447,876,964) and fund balance (Kshs. 498,172,779), raising doubt on the accuracy and completeness of the financial statements.

Management Response

Management provided a reconciliation of the variances between the financial statements and the trial balance and confirmed that all variances had been reconciled and accounted for.

Committee Observation

The Committee noted that management provided a reconciliation of the variances between the financial statements and the trial balance, and the Auditor-General verified the reconciliation as satisfactory.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

6. Lack of an Approved Budget

Review of the statement of comparison of budget and actual amounts for the year ended 30 June 2025 revealed that the Fund did not have an approved budget, contrary to Section 149(2)(h) of the Public Finance Management Act, 2012, which requires the Accounting Officer to prepare estimates of expenditure in conformity with the strategic plan.

Management Response

Management confirmed that an approved annual budget had been incorporated in line with the strategic plan and the PFM Act and provided the approved budget for verification.

Committee Observation

The Committee noted that management subsequently provided an approved budget that was verified by the Auditor-General as satisfactory.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

4.2 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE FINANCIAL YEAR 2024/2025

Hon. Dr. Jonathan Bii Chelilim, EGH, Governor of Uasin Gishu County, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu County Alcoholic Drinks Control Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua - Chief Officer, Finance, Uasin Gishu County
3. Mr. Koiya Maiyo – Fund Administrator

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu County Alcoholic Drinks Control Fund for the period under review based on the following matters.

1. Presentation, Accuracy and Disclosure in the Financial Statements

Review of financial statements for Uasin Gishu County Alcoholic Drinks Control Fund revealed multiple anomalies including: the approval date of financial statements was not indicated; revaluation reserves of Kshs. 21,134,725 were unexplained; the cash generated from operations note had no note number and reflected a surplus/deficit variance of Kshs. 9,400,000 compared to the statement of financial performance.

Management Response

Management acknowledges the observation regarding errors, omissions and inconsistencies in the financial statements. Management is committed to address errors by restating incorrect figures in the 2025/2026 financial statements in accordance with IPSAS 3 and comply with approved financial reporting templates issued by PSASB.

Committee Observation

The Committee observed that the Alcoholic Drinks Control Fund financial statements had multiple presentation and accuracy deficiencies including unexplained revaluation reserves and material discrepancies between financial statements, undermining reliability.

Committee Recommendation

The Committee recommends that the Governor ensures the Accounting Officer prepares accurate financial statements in full compliance with IPSAS and PSASB guidelines, with proper review and sign-off processes in place, within 60 days of the adoption of this report.

2. Transfers from the County Government

Statement of financial performance and note 2 to the financial statements reflects transfers from the County government amount of Kshs. 10,826,540 which were salary payments made by the county government on behalf of the fund. However, payroll summaries provided in support of the payments reflect Kshs.8,826,540 and the variance of Kshs. 2,000,000 was explained as repaid borrowings by the County Executive which was previously expenditure. It is not clear why a restatement of the prior year financial statement was not done to correct the error on the repaid borrowings as required by International Public Sector Accounting Standard (IPAS)3.

In the circumstances, the accuracy and completeness of the transfers from the County Government amount of Kshs. 10,826,540 could not be confirmed.

Management Response

The Uasin Gishu County Alcoholic Drinks Control Fund acknowledges the observation. The fund management has since corrected the error in the 2024/2025 financial year in accordance with Internal Public Sector Accounting Standards (IPSAS) 3- Accounting Policies, Changes Accounting Estimates and Errors by restating receivables and retained earnings. The fund management will ensure that any borrowings are correctly reported in the financial statements as receivable.

Committee Observation

The Committee observed that the management admitted the error in the financial statement and committed to make necessary corrections as prior matter.

Committee Recommendation

The Committee recommends that the Governor, through the CECM for Finance ensures the Fund Administrator makes the necessary corrections in the financial statement of FY 2025-2026 as prior adjustments and the Auditor-General to review the matter in the subsequent audit cycle.

3. Lack of a Trial Balance

The management did not prepare and present for audit a trial balance in support of the account balances for the year ended 30 June 2025.

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

Management Response

The Uasin Gishu County Alcoholic Drinks Control Fund acknowledges the Observation; the fund management has prepared and provided the trial balance.

Account	Debit (Dr)	Credit (Cr)
Cash and Cash Equivalents	7,247,283	-
Current Portion of Long-term Receivables	15,718,000	-
Property, Plant and Equipment (Restated)	14,142,263	-
Revaluation Gain (Correct Posting)	-	6,494,281
Transfers from County Government	-	10,826,540
Fines, Penalties and Other Levies	-	55,902,200
Fund Administration Expenses	8,826,540	-
General Expenses	64,157,101	-
Revaluation Reserve (Restated)	-	21,134,725
Accumulated Surplus (Restated)	-	15,972,821
Corrected Deficit for the Year	6,254,901	-
Totals	116,345,088	116,345,088

Committee Observation

The Committee observed that –

- i. the Accounting Officer responsible for the fund was in breach of section 116(8) of Public Finance Management Act, Cap. 412A and Generally Accepted Accounting Principles;
- ii. whereas a trial balance was provided by management, the provision was done outside the timelines contemplated under the Public Audit Act, Cap. 412B, constituting an offence under the Public Audit Act, Cap. 412B. Further, the same had not been verified by the Auditor-General.

Committee Recommendation

The Committee recommends that –

- i. the Governor, through the CECM for Finance ensures the Fund Administrator makes the necessary corrections in the financial statement of FY 2025-2026 as prior adjustments and the Auditor-General to review the matter in the subsequent audit cycle;
- ii. the Governor causes disciplinary proceedings to be instituted against the officer(s) in the finance and accounting section who failed to prepare a trial balance to support the account balances and further failed to do so during the audit process, despite the matter having been raised by the Auditor-General and submit evidence of the action taken within 60 days of the adoption of this report;
- iii. the Governor, through the CECM for Finance ensures the Fund Administrator complies with section 116(8) of the Public Finance Management Act, Cap 412A and any applicable accounting standards, failure to which the Accounting Officer may be held liable under section 199 of the Public Finance Management Act, Cap. 412A; and
- iv. the Governor should ensure that the Accounting Officer strengthens internal controls in the preparation of financial statements to enhance accuracy in reporting and ensure full compliance with applicable reporting standards.

4. Unsupported Receivables Balance

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs. 15,718,000, which according to Note 11 of the financial statements, included current loan repayments due to Kshs 9,400,000 and other exchange debtors of Kshs 6,318,000. However, other exchange debtors amount of Kshs 6,318,000 were not supported by invoices and receivable aging analysis. Further, current loan repayments due of kshs 9,400,000 were borrowed by County Executive and it is not clear why the same was not repaid.

In the circumstance, the accuracy of long-term receivables from exchange transaction balance of Kshs 15,718,000 could not be confirmed.

Management Response

Management acknowledges the audit observation. The loan amounts to KShs. 9,400,000 has since been fully repaid by the County Executive in the 2025/2026 financial year.

To strengthen debt recovery, the Fund has enhanced internal controls, including withholding renewal of business licenses for clients with outstanding arrears.

Management has also developed a comprehensive Debt Management Policy, which provides a structured framework for managing receivables, including clear procedures for writing off long-outstanding debts. The policy has been submitted to the County Executive

Committee Member for Health Services and subsequently forwarded to the County Assembly for approval.

Committee Observation

The Committee observe that –

- i. the payment of Kshs. 9,400,000 by the County Executive of Uasin Gishu could not be ascertained as no evidence of payment was provided to the Auditor-General for verification;
- ii. the debt management policy submitted by management was only a draft and had not been approved by the County Assembly;
- iii. no invoices, debtors' schedule, or ageing analysis were provided to support debts amounting to Kshs. 6,318,000, and no plausible explanation was offered for the omission; and
- iv. management has not demonstrated any effort to recover the outstanding receivables.

Committee Recommendation

The Committee recommends that –

- i. the Governor causes disciplinary proceedings to be instituted against the Accounting Officer for failure to provide supporting documents for receivables, including proof of payment of Kshs. 9,400,000 to the Fund by the County Executive of Uasin Gishu, invoices and ageing analysis for receivables amounting to Kshs. 6,318,000 and submit evidence of the action taken within 60 days of the adoption of this report;
- ii. the Governor should ensure that the Accounting Officer responsible for the Fund develops and implements a comprehensive debt recovery plan, outlining clear timelines for the recovery of all outstanding debts, and submits the plan to the Senate and the Auditor-General within 60 days of the adoption of this report for compliance monitoring;
- iii. the Governor should ensure that the Accounting Officer responsible for the Fund immediately submits to the Auditor-General evidence of payment of Kshs. 9,400,000 by the County Executive of Uasin Gishu to the Fund, together with the relevant invoices and an ageing analysis supporting the outstanding debt balance of Kshs. 6,318,000. Failure to comply shall render the Accounting Officer personally liable for violation of section 9(1)(e) of the Public Audit Act, Cap. 412B. The Auditor-General provides a status update on the matter in the subsequent audit cycle;
- iv. the Governor should fast-track the approval of the debt management policy intended to guide the Fund's debt management processes and provide a status update on the progress made within sixty days of the adoption of this report.

5. Valuation of Property, Plant and Equipment

Valuation of property, plant and equipment has not been done to confirm the values of the assets owned by the fund. The stated value of the assets did not comply with paragraph 49 of International Public sector accounting standards (IPSAS)17, Property, equipment which states that the frequency of revaluation depends upon the changes in the fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary.

In the circumstance, the accuracy of property, plant and equipment balance could not be confirmed.

Management Response

Management acknowledges the audit observation regarding the lack of a current valuation for Property, Plant and Equipment (PPE). The Fund recognizes the need to comply with IPSAS 17, which requires revaluation whenever the fair value of assets differs materially from their carrying amounts.

The Fund has already put measures in place to undertake a comprehensive valuation exercise. Management is working with the County Executive to engage qualified valuers who will determine the accurate fair value of all PPE and produce a formal Valuation Report to support proper recognition and disclosure in the financial statements.

Management remains committed to ensuring full compliance with IPSAS 17 and improving the accuracy and reliability of asset reporting.

Committee Observation

The Committee observed that the Fund, in collaboration with the County Executive, was in the process of engaging qualified valuers to accurately determine the fair value of all PPE and ensure that the accurate value is recognised in the financial statements of the subsequent financial year.

Committee Recommendation

The Committee recommends that the Governor fast-tracks the process and ensures that the Fund's PPEs are valued and that their true value is reflected in the Fund's financial statements for the subsequent financial year. The Auditor-General to keep the matter in view and provide a status update in the subsequent audit cycle.

Emphasis of matter

6. Budgetary control and performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparative basis of Kshs 90,999,483 and Kshs 85,351,683 respectively resulting into under-realization of Kshs 5,647,800 or 6% of the budget. Similarly, the fund incurred total expenditure of Kshs 93,983,641 against actual receipts of Kshs 85,351,683 thereby resulting into an over-expenditure of Kshs 8,631,958.

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

Management Response

Management acknowledges the audit observation. The revenue shortfall resulted from voluntary closure of some liquor businesses, ongoing court cases, and non-renewal of licenses for outlets that did not meet the required minimum standards. The Fund has strengthened compliance and enforcement measures to enhance revenue collection and ensure that commitments are aligned to actual receipts going forward.

Committee Observation

The Committee observed that the Fund experienced an under-realization of Kshs. 5,647,800 and an over-expenditure of Kshs. 8,631,958. While an explanation was provided for the under-funding, no explanation was offered regarding the circumstances that led to the over-expenditure.

Committee Recommendation

The Committee recommends –

- i. the Governor ensures the Accounting Officer strengthens budgetary control measures in full compliance with Regulation 42(b) of the Public Finance Management (County Governments) Regulations, 2015 on budgetary control measures failure to which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences; and
- ii. the Governor ensure that, in subsequent financial years, the Accounting Officers responsible for the Fund prepare realistic budgets and implement appropriate budgetary control measures, including mid-year budget reviews where necessary.

7. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements, Report on Lawfulness and Effectiveness in the use of Public Resources and Report on effectiveness of Internal Controls, Risk management and Governance. However, they remain unresolved.

Management Response

The Management has continuously worked to address and improve on previous-year issues, as disclosed in the financial statement. Further, the issues were discussed by the county public investment and special funds committee of the senate in 10th November 2025 and public accounts and investment committee of the county assembly in October 2025, the recommendations will be implemented accordingly once the report is received by the management.

Committee Observation

The Committee observed that numerous audit issues previously raised by the Auditor-General had remained unaddressed.

Committee Recommendation

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)(I) of the Public Finance Management Act, Cap. 412A, failure to which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences; and
- ii. the Governor ensures the accounting officer submits a detailed status report to the Senate and a copy to the Auditor-General on the mitigation measures taken to resolve prior year matters within 60 days of the adoption of this report.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

8. Liquor Outlets Operating Without Licenses

The statement of financial performance reflects revenue from non -exchange transaction amounting to Kshs. 66,728,740. included in this amount is kshs 55,902,200 generated from application and licensing fee collected from several alcoholic outlets. However, records provided for review revealed that twenty-four (24) outlets selling and distributing Alcoholic drinks were operating without license contrary to section 8 (1) (a)(b) of Uasin Gishu Alcoholic drinks control act ,2014 which states that no person shall manufacture or

otherwise produce, sell, distribute or dispose of, or deal with any Alcoholic Drink contrary except under and in accordance with a license issued under this Act.

In their response, management indicated that the outlets were denied licences due to public petitions and objections submitted to the fund, however, it was not clear how management handled this matter to ensure that the outlets operated within the law.

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

Management Response

The Uasin Gishu County Alcoholic Drinks Control Fund acknowledges the observation. The board is mandated to license all bars and alcoholic joints in the county subject to meeting required conditions and criteria. However, some board decisions, particularly failure to renew licenses to businesses that fail to comply with license terms and conditions, often seek intervention from courts of law. They obtain orders that restrain the board from collecting revenues until the case is heard and determined. The board shall wait for determination of the cases and take appropriate action to recover any outstanding dues.

Committee Observation

The Committee observes that—

- i. despite recording KShs. 55,902,200 in application and licensing fees as part of the Fund's total revenue of KShs. 66,728,740, twenty-four (24) alcoholic drink outlets continued to sell, distribute and deal in alcoholic drinks without valid licences during the year under review;
- ii. this is in contravention of Section 8(1)(a) and (b) of the Uasin Gishu County Alcoholic Drinks Control Act, 2014, which states that no person shall manufacture, sell, distribute or dispose of, or deal with any alcoholic drink in the County except under and in accordance with a licence issued under the Act. Section 8(2) expressly provides that any person who contravenes this provision commits an offence. The County Alcoholic Drinks Regulation Committee (established under Section 9 of the Act) is mandated to issue licences and enforce compliance, including through inspections and other visits to premises, and
- iii. in their response, the Management indicated that some Board decisions on non-renewal of licences have been challenged in court and that the Board was waiting for determination of the cases. However, the management did not provide the Committee with copies of the court orders and the list of the 24 unlicensed outlets. The continued operation of 24 unlicensed outlets continues to cause revenue leakage to the Fund and exposes the public to unregulated health and safety risks.

Committee Recommendation

The Committee recommends that—

- i. the Board takes all lawful enforcement actions (including closure of premises, seizure of goods, prosecution, and recovery of outstanding fees and penalties) against the unlicensed outlets to the extent not prohibited by valid court orders;
- ii. the Board expedites resolution of all pending court matters and takes appropriate remedial action based on the outcomes without allowing unlicensed operations to continue;
- iii. the Governor ensures the Board submits a detailed status report to the Senate detailing the court orders; licensing status of each of the 24 outlets, enforcement actions taken, revenue recovered or still outstanding, and progress on court cases) within 60 days of the adoption of this report; and
- iv. the Auditor-General keeps this matter in view and reports on licensing enforcement, revenue leakage and compliance with the Act in the subsequent audit cycle.

9. Irregular general expenses

Statement of financial performance reflects general expenses amounting to Kshs 64,157,101 as disclosed in note 7 to the financial statement. included in this amount is expenditure of Kshs 600,000 on imprest and Kshs 3,157,682 on training when the fund has no employees of its own, such expenditures are incurred to build internal capacity among a fund's staff, which is applicable in this context. This is contrary to section 68(1)(b) of the public finance management (PFM) Act, which requires that public funds be used in a lawful and effective manner.

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

Management Responses

The Uasin Gishu County Alcoholic Drinks Control Fund acknowledges the observation. The newly appointed Alcoholic Drinks Control Fund Board members were inducted and trained in June 2025 and staff seconded by County Executive to ADCB were facilitated to attend Kenya school of Government (KSG), for training on various courses. Going forward the management will ensure that our staff are given priority in the training and capacity building.

Committee Observation

The Committee noted that management clarified that the expenditure related to the induction of newly appointed Board members in June 2025 and Kenya School of Government training for seconded County staff, and the Auditor-General verified management's explanation as satisfactory.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

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

10. Lack of Asset Register

During the period under review. Management did not maintain a comprehensive Asset Register detailing each of the assets owned and/or under control of the Fund, the rate of depreciation and the netbook values. Further, the Fund did not have in place an approved policy to guide on assets management including depreciation and amortization, disposal and use.

Management Response

Management acknowledges the audit observation regarding the absence of a comprehensive Asset Register and the lack of an approved policy to guide asset management, including depreciation, amortization, disposal, and use.

The Fund has taken corrective measures and is working closely with the County Assets and Liabilities Office to compile a complete Uasin Gishu County Alcoholic Drinks Control Board (UGCADCB) Asset Register capturing all assets under the Fund's ownership and control, together with their depreciation rates and net book values.

Committee Observation

The Committee observed that whereas the management was in the process of preparing a comprehensive asset register for the Fund, non-was in place contrary to the provisions of section 149(2)(o) of the Public Finance Management Act, Cap. 412.

Committee Recommendation

The Committee recommends that –

- i. the Governor fast-tracks the process of developing an asset register for the Fund is concluded within 90 days of the adoption of this report and a comprehensive asset register submitted to the Auditor-General for verification;
- ii. the Accounting Officer responsible for the Fund ensure compliance with section 149(2)(o) of the Public Finance Management Act, Cap. 412A failure to

which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences.

11. Lack of Approved Procurement Plan

During the year under review, the entity did not have an approved Procurement plan contrary to Section 45(1) of the Public Procurement and Asset Disposal Act, 2015, which states that public procurement and asset disposal must align with the approved budget and the financial thresholds specified in the second schedule of public procurement and asset disposal regulations (PPADR). These thresholds dictate the maximum and minimum expenditure levels permitted for each procurement method.

In the circumstances, controls over procurement could not be confirmed.

Management Response

Management acknowledges the audit observation regarding the absence of an approved Annual Procurement Plan, contrary to the requirements of Section 45(1) of the Public Procurement and Asset Disposal Act, 2015.

Going forward, the Uasin Gishu County Alcoholic Drinks Control Fund will ensure that a comprehensive Annual Procurement Plan is prepared, approved, and aligned to the approved budget and applicable procurement thresholds. This will enhance compliance with procurement laws and strengthen internal controls over procurement processes.

Committee Observation

The Committee observed that the Accounting Officer responsible for the Fund failed to prepare a procurement plan as is required under section 44 of the Public Procurement and Aaset Disposal Act, Cap. 412C. Management however undertook to ensure going forward annual procurement plans are prepared.

Committee Recommendation

The Committee recommends that the Governor ensures the accounting officer complies with section 44 of the Public Procurement and Aaset Disposal Act, Cap. 412C failure to which the accounting officer may be held liable under section 177 of the Public Procurement and Aaset Disposal Act, Cap. on General penalties and sanctions. The Auditor-General to keep the matter in view and report on compliance in the subsequent audit cycle.

12. Lack of Fund Regulations

As previously reported, the Fund has not enacted regulations to operationalise the Uasin Gishu Alcoholic Drinks Control Act, 2014 despite having been in operation for several years. Management indicated draft regulations were submitted to the County Assembly for approval. However, at the time of audit, the regulations had not been approved.

In the circumstance, the Fund operations may be curtailed by non-operationalization of Uasin Gishu Alcoholic Drinks Control Act, 2014.

Management Response

Management acknowledges the audit observation regarding the absence of approved regulations to operationalize the Uasin Gishu Alcoholic Drinks Control Act, 2014. Although draft regulations had been prepared earlier, they had not been approved at the time of audit.

The Fund has since formulated the draft Fund Regulations and forwarded them to the County Executive Committee Member (CECM) for Health Services for onward submission to the County Assembly for enactment into law. Management is committed to ensuring that the approval process is expedited to facilitate full operationalization of the Act and strengthen the governance framework of the Fund.

Committee Observation

The Committee observes that—

- i. the Uasin Gishu County Alcoholic Drinks Control Fund has operated since 2014 without approved Regulations to operationalise the Uasin Gishu County Alcoholic Drinks Control Act, 2014;
- ii. Section 67(1) of the same Act provides that the Executive Member in charge of health services may, on the recommendation of the Board, make Regulations generally for the better carrying out of the objects of the Act, subject to approval by the County Assembly before operationalisation. Although the language is permissive, several critical operational aspects of the Act — including prescribed forms for licence applications (Section 11), licence formats and conditions (Section 12), provisional assurances (Section 13), fees payable (Sections 11 and 16), display of signs (Section 33), and container specifications (Section 35) — are expressly left to be prescribed by these Regulations. The absence of such Regulations for over a decade creates a significant legal vacuum, curtailing effective licensing, enforcement, revenue collection, and overall administration of the Fund; and
- iii. the response that draft Regulations have been prepared and forwarded to the CECM for Health Services for onward submission to the County Assembly. The continued delay in finalising and approving the Regulations constitutes a failure to establish the necessary legal framework for the Fund.

Committee Recommendation

The Committee recommends that—

- i. the Governor directs the Executive Member in charge of Health Services to immediately finalise the draft Fund Regulations in consultation with the Alcoholic Drinks Control Board and submit them to the County Assembly for approval in accordance with the Uasin Gishu County Alcoholic Drinks Control Act, 2014 and the relevant law relating to Statutory Instruments;**
- ii. the Governor ensures the Executive Member in charge of Health Services submits a detailed progress report to the Senate on the status of the Regulations (including timelines for approval, gazettelement, and full operationalisation) within 60 days of the adoption of this report; and**
- iii. the Auditor-General keeps this matter in view and reports on the status and operationalisation of the Fund Regulations in the subsequent audit cycle.**

4.3 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County, Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu County Cooperative Enterprise Development Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua - Chief Officer, Finance, Uasin Gishu County
3. Mr. Kipleting Mengich – Fund Administrator

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu County Cooperative Enterprise Development Fund for the period under review based on the following matters.

1. Non-Performing Loans

Review of loan records revealed that loans totalling Kshs. 340,065,618 advanced to 91 Cooperative Societies had no recoveries made during the year, contrary to Section 18(5) of the Uasin Gishu County Cooperative Enterprise Development Act, 2016. Included in this amount were loans of Kshs. 285,000,000 to 57 Primary Cooperative Societies affiliated to Moisoy Farmers' Cooperative Union, where the planned maize milling plant had stalled. Additionally, loans of Kshs. 47,067,628 to 28 cooperative societies had no interest charged.

Management Response

- Recovery strategies for non-performing loans have been significantly strengthened including engagement with defaulters, visits, structured repayment plans, and demand letters to all defaulting cooperative societies. Interest accrual on loans in default has been instituted. Management has also initiated completion of the Moisoy maize milling plant through further lending from SUED-British High Commission grants.

Committee Observation

The Committee observes that—

- i. the Uasin Gishu County Cooperative Enterprise Development Fund advanced loans totalling KShs. 340,065,618 to 91 Cooperative Societies, yet no recoveries were made during the year under review. This included KShs. 285,000,000 advanced to

- 57 Primary Cooperative Societies affiliated to Moisoy Farmers' Cooperative Union for a maize milling plant that remains stalled, and KShs. 47,067,628 advanced to 28 cooperative societies on which no interest was charged— with Management providing no explanation for the zero-interest loans;
- ii. of particular concern is the disbursement of KShs. 285,000,000 to 57 Primary Cooperative Societies affiliated to Moisoy Farmers' Cooperative Union specifically for the construction of a maize milling plant. The plant has stalled for several years. Management now states that completion has been initiated through further lending from SUED-British High Commission grants. No explanation has been provided as to what happened to the original KShs. 285 million already disbursed from the Fund, why the project stalled despite this injection of public funds, or how the additional external grants will be accounted for alongside the earlier county funds. This raises serious questions of value for money, possible diversion, mismanagement or loss of public resources;
 - iii. the Fund was established under the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016 as a revolving fund pursuant to sections 4 and 6 of the Act, with repayments of capital and interest forming part of its revenue sources to recycle capital for ongoing lending. The absence of recoveries means the Fund is no longer operating as a revolving fund and is in breach of section 19 of the Act which provides that a loanee shall repay the borrowed sums and interest on such terms and conditions as may be prescribed; section 20 of the Act which empowers the Fund to recover loans as civil debt, enforce security, or take other measures on breach or likely breach of repayment terms. Further, Regulation 197(1) (e) of the Public Finance Management (County Governments) Regulations, 2015 requires that the continued existence of the Fund must not depend on annual financing from the County Exchequer; and
 - iv. regulation 197(1)(i) further limits the initial approval of any county public fund to a maximum period of ten (10) years, after which fresh approvals from the County Executive Committee and County Assembly are required. The Fund was established on 29th April 2016, and therefore its 10-year lifespan lapses on 29th April, 2026.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Fund Administrator immediately complies with Section 20 of the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016 by initiating recovery proceedings as civil debt, enforcing security, or other measures on the entire KShs. 340,065,618 portfolio, with

- urgent focus on accounting for and recovering the KShs. 285,000,000 disbursed to the Moiso milling plant project;
- ii. the Governor directs that no further appropriations be made to the Fund from the County Exchequer until full compliance with Regulation 197(1)(e) of the PFM (County Government) Regulations is demonstrated through verifiable recoveries and a credible sustainability plan;
- iii. the Governor causes disciplinary proceedings to be instituted against the Fund Administrator, the Loan Management Committee, and all responsible officers for the failure to charge interest and enforce repayments, and holds them personally liable for any losses in accordance with section 199 of the Public Finance Management Act, Cap. 412A;
- iv. considering the stalled KShs. 285,000,000 Moiso maize milling plant project, the unexplained need for additional external grants, and the lack of accountability for the original county funds, the Ethics and Anti-Corruption Commission (EACC) investigates the disbursement, utilisation, stalled status, and any possible irregularities, diversion, lack of value for money, or economic crime related to the KShs. 285 million project, with a status update submitted to the Senate within 90 days;
- v. the Governor commissions an urgent independent review of the Fund's long-term viability (including whether it should be restructured or wound up under Regulation 199 and Section 116 of the PFM Act, given that its 10-year lifespan under Regulation 197(1)(i) is nearing expiry and submits the review report together with a comprehensive recovery action plan and status report to the Senate within 60 days of the adoption of this report; and
- vi. the Auditor-General keeps this matter in view and specifically assesses compliance with Sections 19 and 20 of the Act, Regulations 197 and 198, the revolving nature of the Fund, and the status of the Moiso project in the subsequent audit cycle.

2. Irregular Over-Expenditure on Administrative Costs

The statement of financial performance reflects total administrative expenditure of Kshs. 45,065,634 which is in excess by Kshs. 41,142,106 of the allowed administrative expenditure of 3% of the Fund's approved budget of Kshs. 130,784,274 (Kshs. 3,923,528), contrary to Section 3(iii) of the Uasin Gishu Enterprises Development Fund Act, 2016 (Amended 2020). Management was in breach of the law.

Management Response

Management clarifies that the amount of Kshs. 45,065,634 does not wholly constitute administrative costs. The Fund utilized less than the prescribed 3% threshold on actual administrative expenses. The balance of the expenditure related to activities undertaken in line with the Fund's parent Department mandate, which were provided for in the approved budget.

Committee Observation

The Committee noted that management clarified, and the Auditor-General verified through the approved budget and a letter of operational understanding, that the Kshs. 45,065,634 did not wholly constitute administrative costs the actual administrative expenditure was within the prescribed 3% threshold, with the balance relating to ward-level activities under the Fund's parent Department mandate duly provided for in the approved budget.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

3. Lack of Approved Fund Regulations

Regulations guiding the operationalisation of the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016 had not been approved by the County Assembly despite the Fund having been in operation since 2016. Key policies including a credit policy had also not been developed and processed for approval at the time of audit in August 2025.

Management Response

Management notes the observation and confirms that the Fund has developed regulations including key policies such as the credit policy. These are currently pending approval by the Uasin Gishu County Assembly.

Committee Observations

The Committee observed that—

- i. the Uasin Gishu County Cooperative Enterprise Development Fund has operated for nine years without approved Regulations to operationalise the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016;
- ii. section 23(1) of the mentioned Act mandates that the Member of the Executive Committee shall, in consultation with the Committee, make regulations generally for the better carrying out of the provisions of the Act. These regulations must specifically cover critical operational matters, including the receipt, processing and approval of loan applications, preparation and maintenance of loanees' records, withdrawal, recovery and cancellation of loans, procedures for dealing with loan defaulters, and related matters. Under Section 23(2), such regulations shall be

- approved by the County Executive Committee and the County Assembly before they take effect.
- iii. the absence of these Regulations has created a significant legal and governance vacuum, particularly in loan management, credit policy, recovery mechanisms, and overall administration of the Fund. While Management acknowledges the gap and states that draft regulations (including the credit policy) have been developed and are pending approval by the County Assembly, this delay has left the Fund operating without the required statutory framework.

Committee Recommendation

The Committee recommends that—

- 1) The Governor directs the Member of the Executive Committee responsible for Cooperative and Enterprise Development to immediately finalise the draft Fund Regulations in consultation and submit them for approval by the County Executive Committee and the County Assembly in accordance with Section 23(2) of the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016;
- 2) The Governor ensures the Member of the Executive Committee submits a detailed progress report to the Senate on the status of the Regulations (including timelines for approval by the County Executive Committee and County Assembly, gazettelement, and full operationalisation) within 60 days of the adoption of this report; and
- 3) The Auditor-General keeps this matter in view and specifically reports on the status and operationalisation of the Fund Regulations in the subsequent audit cycle.

4. Material Uncertainty Relating to Going Concern

The Fund reported operating deficits for two consecutive years: FY 2023 (Kshs. 11,226,407) and FY 2024 (Kshs. 34,718,633). The continued accumulation of deficits would negatively impact the Fund's ability to continue as a going concern and would make the Fund rely on funding from the County Government.

Management Response

Management notes that the reported operating deficits arose primarily from the understatement of accrued interest income in the respective financial years. This

accounting anomaly has since been corrected to reflect the true financial position of the Fund.

Committee Observation

The Committee observed that—

- 1) The Uasin Gishu County Cooperative Enterprise Development Fund reported operating deficits for two consecutive years: KShs. 11,226,407 in FY 2025 and KShs. 34,718,633 in FY 2024 (totalling over KShs. 45 million).
- 2) These recurring deficits raise a material uncertainty regarding the Fund's ability to continue as a going concern, and the management is required to assess and disclose any material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.
- 3) The Management attributes the deficits to an "understatement of accrued interest income" that has now been corrected. The Committee notes this explanation, however, the underlying causes of the deficits — including the absence of loan recoveries and the unexplained non-charging of interest remain unaddressed. As a revolving fund established under Sections 4 and 6 of the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016, the Fund is required to operate without dependence on annual County Exchequer funding as required under Regulation 197(1)(e) of the Public Finance Management (County Governments) Regulations, 2015). The deficits and reliance on County Government support violate this requirement and threaten the Fund's long-term viability.

Committee Recommendations

The Committee recommends that—

- 1) The Governor ensures the Fund Administrator immediately prepares and implements a comprehensive financial sustainability plan that addresses the root causes of the recurring deficits (including full loan recovery, interest charging, and operational efficiency);
- 2) The Governor ensures the Fund submits the approved sustainability plan, together with evidence of corrective actions taken on the going-concern issues, to the Senate within 60 days of the adoption of this report; and
- 3) The Auditor-General keeps this matter in view and specifically assesses the Fund's going-concern status and the implementation of the sustainability plan, in the subsequent audit cycle.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

1. Failure to Prepare Quarterly Financial Statements

Review of the Fund's financial reports revealed that the Uasin Gishu County Cooperative Enterprise Development Fund did not prepare and submit quarterly financial reports as required under the Public Finance Management (County Governments) Regulations, 2015, making it impossible to confirm the Fund's financial performance and position during the year on a periodic basis.

Management Response

Management clarified that the Fund does prepare and submit quarterly financial and non-financial budgetary reports to the County Treasury, with copies to the Controller of Budget, and provided copies of the quarterly financial statements for FY 2025-2026 for verification.

Committee Observation

The Committee noted that management provided copies of quarterly financial statements for the subsequent period that were verified by the Auditor-General as satisfactory.

Committee Recommendation

Noting the mitigations by management, the Committee recommends that the matter be marked as resolved.

4.4 REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY EDUCATION REVOLVING FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu County Education Revolving Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua - Chief Officer, Finance, Uasin Gishu County

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu County Education Revolving Fund for the period under review based on the following matters -

1. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs. 320,686,584. However, since inception in 2014, the Fund has disbursed Kshs. 323,213,037 but recovered only Kshs. 2,526,453, representing a recovery rate of merely 0.8%. The balance was not supported by amortization schedules, documented lending criteria, interest rate details, or repayment records. No documented criteria were provided for determining loan amounts, repayment periods, loan security, or applicable interest rates.

Management Response

Management acknowledges the audit observation. The Fund maintains a payment register of each beneficiary showing amounts owed. An amortization schedule is prepared showing how much each individual owes, dates of issuance, principal amount, applicable interest, amount repaid, and outstanding balance. The low recovery rate is attributed to beneficiaries not yet securing employment.

Committee Observation

The Committee observed that—

- i. the Uasin Gishu County Education Revolving Fund, which has been in operation since 2014, reported receivables from exchange transactions of **KShs. 320,686,584**. However, since inception, the Fund has disbursed **KShs. 323,213,037** but has recovered only **KShs. 2,526,453**, representing a very low recovery rate of just **0.8%**;

- ii. the outstanding receivables are not supported by amortization schedules, documented lending criteria, interest-rate policies, repayment records, or loan security documents. No documented criteria were provided for determining loan amounts, repayment periods, loan security, or applicable interest rates. This constitutes a serious failure of internal controls and record-keeping; and
- iii. management acknowledges the finding of the Auditor and claims to maintain a payment register and amortization schedules for each beneficiary, while attributing the low recovery rate to beneficiaries not yet securing employment. Failure to recover loans, combined with the absence of basic loan documentation and policies, demonstrates weaknesses in loan appraisal, monitoring, and enforcement. The Fund may have ceased to operate as a revolving fund and is instead functioning as a de-facto grant scheme, contrary to its legal mandate and the principles of prudent financial management.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Fund Administrator immediately develops and implements a robust loan recovery strategy, including tracing employed beneficiaries through the Kenya Revenue Authority, relevant line Ministries, and the Credit Reference Bureau, and initiating legal recovery proceedings where necessary;
- ii. the Governor ensures the Fund submits a comprehensive recovery action plan, supported by proper amortization schedules, lending criteria, and updated loan documentation, to the Senate within 60 days of the adoption of this report; and
- iii. the Auditor-General keeps this matter in view and specifically assesses the recovery rate, adequacy of loan documentation, and the Fund's viability as a revolving fund in the subsequent audit cycle.

2. Material Uncertainty Related to Going Concern

The Fund did not receive its expected transfers from the Uasin Gishu County Executive during the financial year ended 30 June 2025. As a result, the Fund reported a deficit of Kshs. 1,311,216, which has significantly eroded the capital invested in the revolving fund, casting significant doubt on the Fund's ability to continue as a going concern.

Management Response

Management is in the process of restructuring the Fund to focus on county mandated institutions. During the financial year 2024/2025, the Fund did not receive any allocation from the exchequer due to budgetary constraints.

Committee Observation

The Committee observed that—

- i. the Uasin Gishu County Education Revolving Fund reported an operating deficit of KShs. 1,311,216 for the year ended 30 June 2025 after failing to receive any transfers from the County Exchequer. This further eroded the Fund's capital base and raises a material uncertainty regarding its ability to continue as a going;
- ii. the Fund was established as a revolving fund. Regulation 197(1)(e) of the Public Finance Management (County Governments) Regulations, 2015 expressly requires that "the establishment of the Fund and its continued existence will not depend on annual financing from the County Exchequer". The deficit is therefore not an isolated event but a symptom of deeper structural failure — particularly the extremely low loan recovery rate of only 0.8% since inception; and
- iii. management has indicated that the Fund is "in the process of restructuring" to focus on county-mandated institutions. While this intention is noted, no detailed restructuring plan, timelines, or strategies for achieving self-sustainability have been provided.

Committee Recommendation

The Committee recommends that—

- i. the Governor commissions an independent assessment of the Fund's long-term viability and sustainability as a revolving fund;
- ii. the Governor ensures the development and submission of a comprehensive restructuring or winding-up plan for the Fund, prepared in full compliance with Regulation 199 of the Public Finance Management (County Governments) Regulations, 2015 and Section 116 of the Public Finance Management Act, Cap 412A;
- iii. the Governor ensures the Fund submits the viability assessment report together with the approved restructuring or winding-up plan (including clear implementation timelines) to the Senate within 60 days of the adoption of this report; and
- iv. the Auditor-General keeps this matter in view and specifically assesses the Fund's going-concern status, compliance with Regulation 197(1)(e), and the implementation of any restructuring measures in the subsequent audit cycle.

Emphasis of Matter

1. Budgetary Control and Performance

Statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.7,649 and Kshs.7,649 resulting to nil variance

Similarly, the project spent an amount of Kshs.1,318,865 against actual receipts Kshs.7,649 resulting to an over-expenditure of Kshs. 1,311,216 or 94% of receipts.

Management Response

During the financial year 2024/2025, the Fund did not receive any allocation from the exchequer due to constraints.

Committee Observation

The Committee observed that –

- i. as indicated by the management, no funds were appropriated in the Fund during the year under review and no explanation was provided for the occurrence; and
- ii. no plausible explanation was provided in support of the over-expenditure despite there being no money allocated to the Fund by the County Government.

Committee Recommendation

The Committee recommends that –

- i. the Governor, through the County Executive Committee Member (CECM) for Finance should, immediately submits to the Senate a written explanation detailing: why no appropriation was done to the Fund during the year under review; the decision-making process that led to the omission; and whether the omission was deliberate, an oversight, or a result of policy changes under consideration;
- ii. the Governor ensures the Accounting Officer strengthens budgetary control measures in full compliance with Regulation 42(b) of the Public Finance Management (County Governments) Regulations, 2015 on budgetary control measures failure to which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences; and
- iii. the Governor ensure that, in subsequent financial years, the Accounting Officers responsible for the Fund prepare realistic budgets and implement appropriate budgetary control measures, including mid-year budget reviews where necessary.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous key us 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 However the Management had not resolved the issues or given any explanation for failure to implement the recommendations. Further, the issues remain unresolved contrary to Section

149(2)(I) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try and resolve any issues resulting from an audit that remain outstanding.

Management Response

Management indicated that it had taken steps to resolve the audit issues following recommendations by the County Assembly.

Committee Observation

The Committee observed that whereas management stated they had taken steps to address audit issues following recommendations by the County Assembly, some audit issues remained outstanding.

Committee Recommendation

The Committee recommends that –

- i. the Accounting Officer takes immediate and effective steps to fully resolve all outstanding prior year audit issues listed above in accordance with section 149(2)(I) of the Public Finance Management Act, Cap. 412A, failing which, in accordance with section 53(2) of the Public Audit Act, Cap 412B, the accounting officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others; and
- ii. the Governor ensures the Accounting Officer submits a detailed status report on mitigation measures, including specific timelines and evidence of resolution for each matter, within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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 Approved Annual Budget

The audit noted that the fund did not have an approved annual budget for the period 2024/2025 contrary to regulation 29 of the Public Finance Management (county government) Regulation, 2015 states that the accounting officer is responsible for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his county government entity during the financial

year, the estimates have been prepared and are complete and accurate as possible and the requisite authority has been obtained, where necessary, before the provision is made in the estimates. The approved estimates of expenditure shall form the basis of accounts for the financial year.

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

Management Response

The management acknowledged the observation. However, management indicated that they prepared a budget proposal and submitted it to the department of finance for consideration in the cabinet and subsequently in the County assembly. Upon approval in the County Assembly, the approved budget for the County Executive did not have a budget line for revolving fund due to budget constrain brought about by the 2024/2025 finance bill.

Committee Observation

The Committee observed that whereas the Fund management prepared and submitted its budget for approval through the relevant channels, the final budget approved by the County Assembly did not include a budget line for the Fund. While management attributed this outcome to budgetary constraints, no explanation was provided regarding the nature of the constraint, nor did management demonstrate any efforts undertaken to pursue the matter further.

Committee Recommendation

The Committee recommends that, within sixty (60) days of the adoption of this report, the Governor submits to the Senate a comprehensive and evidence-based explanation detailing why no budgetary allocations were made to the Fund. The explanation should clearly outline the decision-making process, the specific constraints or considerations that informed the omission, and the measures, if any, taken by the County Executive to safeguard the Fund's operational continuity. Further Governor should indicate corrective steps the County Executive intends to pursue to ensure that the Fund is provided for in subsequent budget cycles.

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. Non-Performing Loans and Weak Debt Management

Out of the total receivables from exchange transactions of Kshs. 320,686,586, Kshs. 316,044,586 or 99% were non-performing loans. The Fund did not maintain an aged loan portfolio and there was no evidence of effective recovery efforts for non-performing loans. The Fund also had not established a policy for bad and doubtful debts.

Management Response

Management acknowledges the observation. In an attempt to track non-performing loans, management wrote letters and visited KRA, the Ministry of Health, and Ministry of Education to assist in tracing loanees who have secured employment. Management intends to approach the Credit Reference Bureau to assist in listing defaulters and will develop a policy for bad and doubtful debts.

Committee Observation

The Committee observed that—

- i. out of the total receivables from exchange transactions of KShs. 320,686,586, loans amounting to KShs. 316,044,586 (99%) were non-performing. The Fund did not maintain an aged loan portfolio, had no evidence of any effective recovery efforts, and had not established a policy for bad and doubtful debts; and
- ii. this near-total collapse of the loan portfolio after more than eleven years of operation (since 2014) demonstrates a fundamental and systemic failure in loan administration, monitoring, enforcement, and internal controls. Management acknowledges the observation and states that letters were written and visits made to KRA, the Ministry of Health, and the Ministry of Education to trace loanees, with plans to engage the Credit Reference Bureau and develop a bad debts policy.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures the Fund Administrator immediately implements aggressive and structured loan recovery measures, including listing of defaulters with the Credit Reference Bureau, tracing through KRA and relevant ministries, and initiation of legal recovery proceedings where necessary;
- ii. the Governor ensures the Fund urgently develops, approves, and implements a comprehensive credit policy and a policy for bad and doubtful debts;
- iii. the Governor ensures the Fund submits a detailed recovery action plan and status report (including an aged analysis of the entire loan portfolio, CRB listings, and realistic recovery timelines) to the Senate within 60 days of the adoption of this report; and
- iv. the Auditor-General keeps this matter in view and specifically reports on the recovery rate and effectiveness of debt management policies in the subsequent audit cycle.

2. Lack of a Debt Management Policy

The Fund did not have a debt collection management policy contrary to section 83(2)(f) of the public finance management (County Governments) Regulations, 2015 which requires the accounting officer to develop management strategies, which include debt management policy and internal control that builds robust funds operations.

In the circumstances, the controls over debt collection management could not be confirmed.

Management Response

Management submitted that during the audit review, the fund had developed a draft debt management policy and control. However, it was at the review stage. Upon completion of the review, it will be submitted for approval.

Committee Observation

The Committee Observed that whereas management has developed a draft debt management policy which was provided and verified by the Auditor-General, the policy is yet to be approved and implemented.

Committee Recommendation

The Committee recommends that the Governor fast-tracks the approval process and ensure that the debt management policy is approved within 60 days of the adoption of this report.

3. Lack of a Risk Management Policy

The fund operated without a documented risk management policy which would guard against losses.

In the circumstances, controls over risk management could not be confirmed.

Management Response

Management submitted that during the audit review, the fund had developed a draft Risk Management Policy. However, it was at the review stage. Upon completion of the review, it will be submitted to the County Assembly for approval. Once the policy is approved, it will be communicated to the relevant staff, take them for training to ensure implementation and compliance.

Committee Observation

The Committee observed that whereas management has developed a draft risk management policy which was provided and verified by the Auditor-General, the policy is yet to be approved and implemented.

Committee Recommendation

The Committee recommends that the Governor fast-tracks the approval process and ensure that the risk management policy is approved within 60 days of the adoption of this report.

4. Weak Information Technology (IT) Controls

The fund did not have back up strategies to safeguard against loss of data and other operational records in the event of computer crashes, virus attacks, or other unforeseen calamities. In addition, the fund relied on manual record – keeping that makes the data vulnerable to manipulation and errors.

Further, the fund administrator did not maintain an automated amortization schedule in the systems which hampers the verification process of individual loans which may lead to inaccuracies and delays in loan reconciliation.

In the circumstances, there is weak controls over information technology systems.

Management Response

The management acknowledged the audit observation and indicated that the automation of revolving fund has been established and progressing on well. Currently, the loanees data from Two Sub- Counties have been captured. The other Four Sub Counties are still pending but it is work in progress. The module has repayment management including integration to pay-bill.

On the matter of backup, management submitted that going forward, they will ensure that it is put in place.

Committee Observation

The Committee observed that whereas the management had commenced the automation process as verified by the Auditor-General, it was yet to be fully rolled out and key controls such as data backup mechanisms are still not in place.

Committee Recommendation

The Committee recommends that, within 90 days of the adoption of this report, the Governor ensures that the automation process for the Fund is fully rolled out and operationalized, including the establishment of adequate data-backup and

disaster-recovery mechanisms Further, the Auditor-General to monitor the effectiveness of the whole system and provide a status update in the subsequent audit cycle.

4.5. REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR UASIN GISHU COUNTY BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND FOR THE FINANCIAL YEAR 2024/2025

The Governor of Uasin Gishu County Hon. Dr. Jonathan Bii Chelilim, EGH, appeared before the Committee on 19th March 2026, to respond (under oath) to audit queries raised in the report of the Auditor-General on the financial statements for Uasin Gishu County Bursary and Skills Development Support Fund for the financial year 2024/2025. The Governor was accompanied by:

1. Mr. Micah Rogony - County Executive Committee Member (CECM), Finance and Economic Planning, Uasin Gishu County
2. Mr. Hezekiah Mwarua - Chief Officer, Finance, Uasin Gishu County

REPORT ON THE FINANCIAL STATEMENTS

The Auditor-General rendered a **Qualified Opinion** on the Financial Statements of Uasin Gishu County Bursary and Skills Development Support Fund for the period under review based on the following matters –

1. Material Uncertainty Related to Going Concern

The non-receipt of the budgeted transfers from the County Executive raises substantial doubt about the Fund's ability to continue operating as a going concern.

Management has not provided sufficient assurance or mitigating plans to secure the necessary funding or alternative sources of financing to support future operations.

In my opinion, the material uncertainty relating to the Funds ability to continue as a going concern has not been adequately addressed in the financial statements.

Management Response

Management indicated that the non receipt of the budgeted transfers was occasioned by the suspension issued by the Controller of Budget vide Circular No. 1/2025 dated 14 January 2025 regarding the disbursement of bursaries to County Governments, The County Government has entered into an Intergovernmental Partnership Agreements (IPAs) dated 13th May 2025 on issuance of bursaries and scholarships as a compliance with Section 26 of the Intergovernmental Relations Act and related legal requirements to be allowed to disburse bursaries to needy and deserving students.

Committee Observation

The Committee observed that although the non-receipt of budgeted transfers was occasioned by the suspension issued by the Controller of Budget, thereby affecting the operations and sustainability of the intended service delivery, the County Government of Uasin Gishu had already entered into an Intergovernmental Partnership Agreement (IPA) with the Ministry of Education pursuant to section 26 of the Intergovernmental Relations Act. This agreement enabled the County Government to continue issuing bursaries to needy beneficiaries despite the suspension.

Committee Recommendation

Noting the mitigation measures put in place by the County Government, the Committee recommends that the Auditor-General keeps the matter in view and provides a status update on implementation in the subsequent audit cycle.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the report on lawfulness and effectiveness in use of public resources and effectiveness of Internal Controls, Risk Management and Governance. However, management has not resolved some of the issues or given any explanation for failure to adhere to the provisions of the law of the Public Sector Accounting Standard Templates and The National Treasury Circulars.

Management Response

The management acknowledged the audit observation and indicated that it appeared before the County Assembly Public Accounts and Investments Committee on 2nd October 2025 and the Senate County Public Investments and Special Funds Committee (CPICSF) on Monday 10th November 2025 to deliberate on Bursary prior year matters raised by the Auditor General to resolve the outstanding issues. The management is yet to receive the reports from PAIC, CPICSF committees and the recommendations made will be implemented accordingly.

Committee Observation

The Committee observed that whereas recommendations from the Senate and the County Assembly were yet to be received, the Accounting Officer responsible for the Fund did not institute any measures aimed at resolving the outstanding prior year audit issues contrary to the provisions of section 149(2)(1) of the Public Finance Management Act, Cap. 412A.

Committee Recommendation

The Committee recommends that –

- i. the Accounting Officer takes immediate and effective steps to fully resolve all outstanding prior year audit issues listed above in accordance with section 149(2)(l) of the Public Finance Management Act, Cap. 412A, failure to which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences; and
- ii. the Governor ensures the Accounting Officer submits a detailed status report on mitigation measures, including specific timelines and evidence of resolution for each matter, within 60 days of the adoption of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

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. Failure to Conduct County Skills Survey

As previously reported, the County Education Fund Committee did not conduct periodic county skills survey. This was contrary to Section 9(e) of Uasin Gishu County Bursary and Skill Development Support Fund Disbursement Act 2014, which requires that the County Education Fund Committee should conduct periodic county skills surveys to identify critical skills for the purpose of refocusing support and encouraging students to pursue necessary disciplines.

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

Management Response

The management acknowledged the audit observation and indicated that going forward, the County Education Fund Committee will conduct the survey and identify skills necessary for funding for efficient utilization of the Bursary fund.

Committee Observation

The Committee observed that the Fund Committee failed to conduct County Skills Survey as required section 9(e) of Uasin Gishu County Bursary and Skill Development Support Fund Disbursement Act, 2014 but undertook to ensure full compliance in the subsequent financial years.

Committee Recommendation

The Committee recommends that –

- i. the Governor immediately commences appropriate administrative action against the Committee members for failure to adhere to the law, and submits to the Senate, within sixty (60) days of the adoption of this report, documented evidence of the action taken;
- ii. the Governor ensures full compliance with the provisions of the Uasin Gishu County Bursary and Skill Development Support Fund Disbursement Act, 2014, failing which the responsible officers and Committee members may be held liable for breach of the law in accordance with applicable statutes; and
- iii. the Auditor-General to keep the matter in view and provide a status update on compliance in the subsequent audit cycle.

2. Non-Compliance with Treasury Approved Chart of Accounts

Review of the Fund's records revealed that The Fund does not maintain financial records, including the use of the Treasury-approved chart of accounts as prescribed by the Public Sector Accounting Standards Board (PSASB), contrary to the provisions of Regulation 99(1) of the Public Finance Management (County Government) Regulations, 2015.

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

Management Response

The management acknowledged the observation and stated that the anomaly has been corrected and going forward the treasury approved chart of accounts will be strictly adhered to in the current financial year.

Committee Observation

The Committee observed that the Fund Administrator failed to maintain financial records, including the use of the Treasury-approved chart of accounts, in accordance with the requirements of the Public Sector Accounting Standards Board. Management only gave an undertaking for compliance going forward.

Committee Recommendation

The Committee recommends that –

- i. the Governor immediately commences appropriate administrative action against the Fund Administrator for failure to ensure that the financial records are maintained in accordance with the requirements of the Public Sector Accounting Standards Board, and submits to the Senate, within sixty (60) days of the adoption of this report, documented evidence of the action taken;
- ii. the Governor ensures that financial records, including the Treasury-approved chart of accounts are maintained in accordance with section 149(2)(b) of the Public Finance Management Act, Cap. 412A and a chart of account is

maintained in accordance regulation 99(1) of the Public Finance Management (County Government) Regulations, 2015, failure to which the accounting officer may be held liable under section 199 of the Public Finance Management Act on penalties for offences; and

- iii. the Auditor-General to monitor compliance and provide a status update on compliance in the subsequent audit cycle.

3. Non-Release of Approved Appropriations

During the year under review, it was noted the Fund recorded appropriations of Kshs. 179,000,000 for the Financial Year 2025 budget, which had been approved by the County Assembly on 19 July 2024, however, the funds had not been released as at 30 June 2025, contrary to the provisions of Section 17(7) of the Public Finance Management Act, 2012, and Regulation 22(1) of the Public Finance Management (County Governments) Regulations, 2015.

Non-release of funds significantly affected the implementation of planned activities, including the awarding and disbursement of bursaries to deserving students, thereby undermining the funds mandate.

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

Management Response

The management submitted that the non-release of the approved bursary funds was occasioned by the suspension issued by the Controller of Budget vide Circular No. 1/2025 dated 14 January 2025 regarding the disbursement of bursaries to County Governments (Annex 1(i)). Consequently, the County Government was unable to proceed with the disbursement of the approved funds despite the budgetary allocation and approval.

The County Government has entered into an Intergovernmental Partnership Agreements (IPAs) dated 13th May 2025 on issuance of bursaries and scholarships and has been budgeted for in the current financial year.

Committee Observation

The Committee observed that although the non-transfer of budgeted funds was occasioned by the suspension issued by the Controller of Budget, thereby affecting disbursement of bursaries, the County Government of Uasin Gishu had already entered into an Intergovernmental Partnership Agreement (IPA) with the Ministry of Education pursuant to section 26 of the Intergovernmental Relations Act. This

agreement enabled the County Government to continue issuing bursaries to needy beneficiaries despite the suspension.

Committee Recommendation

Noting the mitigation measures put in place by the County Government, the Committee recommends that the Auditor-General keeps the matter in view and provides a status update on implementation in the subsequent audit cycle.

4. Non-Maintenance of Cash Books

During the financial year under review, it was noted that the cash book was not maintained in accordance with the regulations. Instead, the Fund maintained an Excel worksheet, contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015, which requires Accounting Officers to keep, in all offices concerned with receiving cash or making payments, a cash book showing receipts and payments, and to maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which they are responsible.

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

Management Response

The management acknowledged the audit observation and indicated that the Cash book is maintained in an excel whereby all cash and payments are recorded and other books such as registers are kept for proper maintenance and production of accounts. Going forward the fund management will prepare the cash book in accordance with Regulation 100 showing receipts and payments.

Committee Observation

The Committee observed that whereas management provided an excel cashbook and verified by the Auditor-General, the management failed to use the approved accounting system or standardized format in accordance with regulation 100 of the Public Finance Management (County Governments) Regulations, 2015.

Committee Recommendation

The Committee recommends that the Governor ensures compliance with regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 and that cashbooks are maintained in the approved accounting system or standardized format. The Auditor-General keeps the matter the matter in view and provide a status update on compliance in the subsequent audit cycle.

5. Absence of a Service Charter

The fund does not have a Service Charter, thus the public and stakeholders lack a formal document outlining the services offered, eligibility criteria, service delivery timelines, and feedback or grievance-handling mechanisms. The absence of the service charter undermines the principles of transparency, accountability, and responsiveness in service delivery, contrary to Article 232(1)(c) of the Constitution of Kenya, 2010, read together with Section 8(2) of the Public Service (Values and Principles) Act, 2015.

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

Management Response

The management acknowledged the audit observation and has initiated the development of a service charter, which will be approved and displayed for effective and efficient service delivery.

Committee Observation

The Committee observed that the Fund was in the process of developing a service charter, but no timelines were given for the process.

Committee Recommendation

The Committee recommends that the Governor ensures that the process of developing a service charter is concluded within 90 days of the adoption of this report and evidence of the charter submitted to the Auditor-General for verification.

6. Non-Compliance with the Law on Ethnic Diversity and Gender in Balance

During the year under review, it was noted that the Trustees/Fund Administration Committee and the Key Management Team had significant issues with diversity, with the entire composition of both the 3-member committee and the 4-member Management Team being drawn from a single ethnic community, contrary to the requirement of Section 7(2) of the National Cohesion and Integration Act, 2008, which states that, no more than one-third of employees in a public institution should be from the same ethnic group.

Further, gender imbalance was observed, as both the Committee and the Management were entirely of female members with no male representation contrary to Section B.5(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which requires adequate and equal opportunities for all genders.

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

Management Response

The Management acknowledged the audit observation and stated that the issue of ethnic diversity has been sorted whereby the Trustees/Fund Administration Committee, and the Key Management Team currently are not drawn from one ethnic community. Going forward the management will adhere to Section B.5(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, by ensuring that there is gender equity in the fund management.

Key Management Team

Position	Ethnicity
Chairperson	Agikuyu
Chief Officer Education	Kalenjin
Fund Administrator	Kalenjin
Accountant	Kalenjin

Committee Observation

The Committee observed that the staff complement of Trustees/Fund Administration Committee and the Key Management Team did not comply with section 7(2) of the National Cohesion and Integration Act, Cap. 7N on diversity.

Committee Recommendation

The Committee recommends that—

- i. the Governor ensures management comes up with deliberate measures to ensure staff diversity at entry level when filling vacant positions, in full compliance with section 7(2) of the National Cohesion and Integration Act, Cap. 7N;
- ii. all future recruitment vacancies are advertised in newspapers of national circulation and on the Company's website to attract applicants from diverse ethnic backgrounds and genders; and
- iii. the Auditor-General monitors compliance with the National Cohesion and Integration Act, 2008 and provides a status update 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 Antivirus Security Software in Office Computers

During the Year under review, it was noted that, the Fund had not installed anti-virus programs in the systems and did not have mechanisms for ensuring that there was up to date on the systems software. The Fund also did not have ICT Steering Committee or a back and retention strategy to ensure continuity of operations in case there were systems failure. Further regular review and risk assessment of the operational areas were not conducted exposing the systems security risks and the potential loss contrary to the requirement regulation 110(1) of the Public Finance Management Regulations, 2015 which state that the accounting of the national government entities to institute appropriate access controls to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, the control over security software and computers could not be confirmed.

Management Response

The management acknowledged the audit observation and indicated that the fund is in the process of acquiring a antivirus program which will ensure security of the computers and software system programs that are up to date, currently the ICT department has been supporting the fund on various capacities.

Committee Observed

The Committee observed that the computers used by the Fund did not have antivirus programs installed, thereby exposing the systems to potential security threats and placing sensitive data and software at significant risk.

Committee Recommendation

The Committee recommends that the Governor ensures that the Fund Administrator immediately installs up-to-date antivirus software on all computers and implements appropriate cybersecurity safeguards to protect sensitive data and systems and submit evidence of the same to the Senate and the Auditor-General within 30 days of the adoption of this report.

ANNEXTURES

Minutes of the Committee



13TH PARLIAMENT 5TH SESSION

MINUTES OF THE FIFTY THIRD SITTING OF THE COUNTY PUBLIC INVESTMENTS AND SPECIAL FUNDS COMMITTEE HELD ON MONDAY, 30TH MARCH 2026 HELD ON ZOOM PLATFORM AT 10.00 A.M.

PRESENT

- | | |
|--|--------------------|
| 1. Sen. Godfrey Atieno Osotsi, CBS, MP | - Chairperson |
| 2. Sen. Eddy Gicheru Oketch, MP | - Vice-Chairperson |
| 3. Sen. Agnes Kavindu Muthama, MP | - Member |
| 4. Sen. Peris Pesi Tobiko, CBS, MP | - Member |
| 5. Sen. Hamida Ali Kibwana, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|--------------------------------------|----------|
| 6. Sen. William Kisang' Kipkemoi, MP | - Member |
| 7. Sen. Beth Kalunda Syengo, MP | - Member |
| 8. Sen. Raphael Chimera Mwinzagu, MP | - Member |
| 9. Sen. George Mungai Mbugua, MP | - Member |

SECRETARIAT

- | | |
|-----------------------|------------------------|
| 1. Mr. Yussuf Shimoy | - Clerk Assistant I |
| 2. Mr. Erick Kimani | - Clerk Assistant II |
| 3. Mr. Godfrey Nyaga | - Clerk Assistant III |
| 4. Mr. Jeremy Chabari | - Senior Legal Counsel |
| 5. Mr. Peter Katana | - Research Officer |
| 6. Ms. Hamun Mohamud | - Research Officer |
| 7. CPA Keneddy Owuoth | - Fiscal Analyst |
| 8. Mr. Victor Kimani | - Audio officer |

MIN. NO. SEN/CPICSF/382/2026 PRAYER

The meeting was called to order by the Chairperson at twenty-five minutes past ten O'clock in the morning followed by a word of prayer.

MIN. NO. SEN/CPICSF/383/2026 ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed Sen. Eddy Gicheru Oketch, MP and seconded by Sen. Hamida Ali Kibwana, MP as follows –

1. Prayer;
2. Adoption of the Agenda;
3. Consideration and Adoption of Reports
4. Any Other Business; and
5. Date of the Next Meeting and Adjournment.

**MIN. NO. SEN/CPICSF/384/2026 CONSIDERATION AND ADOPTION OF
REPORTS**

The Committee considered the reports on the consideration of the audit reports of the following counties and their respective entities for the Financial Year 2024/2025 (1st July-, 2024 to 30th June, 2025)-

1. Kajido County

- I. Oololaiser Water and Sewerage Company Limited
- II. Nol-Turesh Loitokiok Water and Sanitation Company Limited
- III. Olkejuado Water and Sewerage Company Limited
- IV. Kajiado County Referral Hospital
- V. Imbirikani Level 4 Hospital
- VI. Ngong Level 4 Hospital
- VII. Kitengela Sub-County Hospital
- VIII. Ongata Rongai Sub-County Hospital
- IX. Kajiado County Emergency Fund
- X. Kajiado County Alcoholic Drinks Control Fund
- XI. Kajiado County Climate Change Fund
- XII. Kajiado County Disability Mainstreaming Fund
- XIII. Kajiado County Education Bursary Grants and Scholarship Fund
- XIV. Kajiado County Youth and Women Enterprise Fund
- XV. Kajiado County Emergency Fund

2. Kiambu County

- I. Gatundu Water and Sewerage Company
- II. Githunguri Water and Sanitation Company
- III. Karuri Water and Sanitation Company
- IV. Kiambu Water & Sanitation Company
- V. Limuru Water and Sewerage Company
- VI. Ruiru-Juja Water & Sewerage Company
- VII. Thika Water and Sewerage Company
- VIII. Karuri Municipality
- IX. Kiambu Municipality
- X. Kikuyu Municipality

- XI. Limuru Municipality
- XII. Ruiru Municipality
- XIII. Thika Municipality
- XIV. Gatundu Level 5 Hospital
- XV. Igegania Sub-County Hospital
- XVI. Karuri Level 4 Hospital
- XVII. Kigumo Level 4 Hospital
- XVIII. Kihara Sub County Hospital
- XIX. Lari Hospital
- XX. Lusigetti Sub- County Hospital
- XXI. Nyathuna Level 4 Hospital
- XXII. Ruiru Sub-County Hospital
- XXIII. Tigoni Sub County Hospital
- XXIV. Wangige Sub County Hospital
- XXV. Kiambu County Referral Hospital
- XXVI. Thika Level 5 Hospital
- XXVII. Kiambu County Executive Emergency Fund
- XXVIII. Kiambu County Alcoholic Drinks Control Fund
- XXIX. Kiambu County Climate Change Fund,
- XXX. Kiambu County Executive Bursary Fund
- XXXI. Kiambu County Fif Fund
- XXXII. Kiambu County Jiinue Fund

3. Homabay

- I. Homa Bay County Water and Sanitation Company Ltd (Homawasco)
- II. Municipality Of Homa Bay
- III. Municipality Of Kendu Bay
- IV. Municipality Of Mbita
- V. Municipality Of Ndhiwa
- VI. Municipality Of Oyugis
- VII. Homa Bay County Teaching and Referral Hospital
- VIII. Kabondo Sub-County Hospital
- IX. Kandiege Sub-District Hospital
- X. Kendu Sub-District Hospital
- XI. Kisegi Sub-District Hospital
- XII. Magunga Level Iv Hospital
- XIII. Makongeni L4
- XIV. Malela Level 4 Hospital
- XV. Marindi Sub County Referral Hospital
- XVI. Ndhiwa Sub County Hospital
- XVII. Nyandiwa Level Iv Hospital
- XVIII. Nyangiela Sub District
- XIX. Ogongo Level 4 Hospital
- XX. Pala Level 4 Hospital

- XXI. Rachuonyo District Hospital
- XXII. Rangwe Sub-District Hospital
- XXIII. Sena Level 4 Hospital
- XXIV. Suba North Sub-County Hospital
- XXV. Suba Sub-County Hospital
- XXVI. Tom Mboya Memorial Level 4 Hospital
- XXVII. Homa Bay County Mortgage & Car Loan Executive Fund
- XXVIII. Homa Bay County Alcoholic Drink Control Board
- XXIX. Homa Bay County Bursary Fund

4. Migori

- I. Migori Water and Sewerage Company
- II. Awendo Municipality
- III. Kehancha Municipality
- IV. Migori Municipality
- V. Rongo Municipality
- VI. Awendo Sub-County Hospital
- VII. Isibania Sub-District Hospital
- VIII. Karungu Sub-County Hospital
- IX. Kegonga Sub County Hospital
- X. Macalder Sub-County Hospital
- XI. Migori County Referral Hospital
- XII. Muhuru Sub-County Hospital
- XIII. Ntitaru Sub County Hospital
- XIV. Nyamaraga Sub County Hospital
- XV. Othoro Sub County Hospital
- XVI. Oyani Sub County Hospital
- XVII. Rongo Sub County Hospital
- XVIII. Uriri Sub County Hospital
- XIX. Migori County Ward Development Fund.
- XX. Migori County Executive Car Loan and Mortgage Fund
- XXI. Migori County Climate Change Fund.
- XXII. Migori County Alcoholic Drinks Control Fund
- XXIII. Migori County Ward Development Fund.

5. Kisii

- I. Gusii Water and Sanitation Company Limited (Gwasco/Kwasco)
- II. Kisii Municipality
- III. Etago Sub-County Hospital
- IV. Gesusu Sub-County Referral Hospital
- V. Gucha Sub County Referral Hospital
- VI. Ibacho Sub-County Hospital
- VII. Ibeno Sub-County Referral Hospital
- VIII. Iranda Sub County Referral Hospital

- IX. Kisii County Health Facilities Improvement Fund
- X. Fund, Kisii Demonstration Farms Fund
- XI. Kisii County Emergency Fund
- XII. Kisii Mortgage & Car Loan (Executive) Fund
- XIII. Kisii County Climate Change Fund
- XIV. Kisii County Bursary Fund
- XV. Kisii County Covid-19 Emergency Fund
- XVI. Kisii County Veterinary Services Development

6. Machakos

- I. Mavoko Water and Sanitation Company Limited (Mavwasco)
- II. Machakos Municipal Water and Sewerage Company Limited (Macwasco)
- III. Mwala Water and Sanitation Company Limited
- IV. Matungulu Water and Sewerage Company (Makawasco)
- V. Kathiani Water and Sanitation Company Limited
- VI. Yatta Water Services Company Limited (Yawasco)
- VII. Mavoko Municipality
- VIII. Machakos Municipality
- IX. Kangundo/Tala Municipality
- X. Kalama Level 4 Level 4 Hospital
- XI. Kangundo Sub-County Hospital Level 4 Hospital
- XII. Kathiani Sub-County Hospital Level 4 Hospital
- XIII. Kimiti Level 4 Hospital Level 4 Hospital
- XIV. Masinga Sub-County Hospital Level 4 Hospital
- XV. Matuu District Hospital Level 4 Hospital
- XVI. Mavoko Level 4 Hospital Level 4 Hospital
- XVII. Mutituni Level 4 Hospital Level 4 Hospital
- XVIII. Mwala Subcounty Hospital Level 4 Hospital
- XIX. Ndithini Level 4 Hospital Level 4 Hospital
- XX. Machakos County Referral Hospital Level 5 Hospital
- XXI. Machakos County Bursary Fund
- XXII. Machakos County Emergency Fund
- XXIII. Machakos County Executive and Chief Officers Car Loan and Mortgage Scheme

7. Baringo

- I. Kirandich Water and Sanitation Company Limited
- II. Eldama Ravine Water and Sewerage Company Limited (Erawasco)
- III. Chemususu Water Company Limited
- IV. Municipality Of Kabarnet
- V. Marigat Sub-County Level 4 Hospital
- VI. Kabartonjo Level 4 Hospital

- VII. Baringo County Referral Hospital
- VIII. Eldama Ravine Level 4 Hospital
- IX. Chemolingot Level 4 Hospital
- X. Baringo County Executive Car Loan Scheme Fund
- XI. Baringo County Executive Mortgage Scheme Fund
- XII. Baringo County Emergency Fund
- XIII. Baringo Cooperative Development Fund
- XIV. Baringo County Bursary and Scholarship Fund,
- XV. Baringo County Climate Change Fund,
- XVI. Baringo County Micro and Small Enterprises Fund And
- XVII. Baringo County Community Conservation Fund

8. Isiolo

- I. Isiolo Municipality
- II. Isiolo County Referral Hospital
- III. Financing Locally-Led Climate Action Programme (Filoca)
- IV. Isiolo County Education Bursary Fund

9. Busia

- I. Busia Water and Sewerage Services Company Limited
- II. Busia Municipality
- III. Malaba Municipality
- IV. Alupe Sub County Hospital
- V. Busia County Referral Hospital
- VI. Teso North Sub County Hospital
- VII. Nambale Sub County Hospital
- VIII. Busia Agricultural Development Fund
- IX. Busia County Alcoholic Drinks Control Fund
- X. Busia County Climate Change Fund
- XI. Busia County Cooperative Enterprise Development Fund
- XII. Busia County Public (Officers) Revolving Fund

10. Kakamega

- 1. Kakamega County Water and Sewerage Company Limited
- 2. Kakamega County Rural Water and Sewerage Company Limited
- 3. Mumias Municipality
- 4. Kakamega Municipality
- 5. Navakholo Sub- County Hospital
- 6. Malava Sub- County Hospital
- 7. Matungu Sub- County Hospital
- 8. Butere County Hospital
- 9. Kakamega County Referral Hospital
- 10. Manyala Sub- County Hospital
- 11. Kakamega County Climate Change Fund

12. Kakamega County Alcoholic Drinks Control Fund
13. Kakamega County Emergency Fund
14. Kakamega County Investment and Development Agency

11. Bungoma

- I. Bungoma Water and Sewerage Company Limited.
- II. Bungoma Municipality
- III. Kimilili Municipality
- IV. Bungoma County Referral Hospital
- V. Bumula Sub-County hospital
- VI. Kimilili Sub-County Hospital
- VII. Mt. Elgon Sub-County Hospital
- VIII. Bursary Fund
- IX. Climate Change Fund
- X. Disaster And Emergency Management Fund
- XI. Persons With Disabilities Empowerment Fund
- XII. Trade Development Loan Fund
- XIII. Youth And Women Empowerment Fund

12. Kitui

- I. Kitui Water and Sanitation Company
- II. Kiamberemwingi Water and Sanitation Company
- III. Kitui County Referral Hospital
- IV. Mutomo Sub-County Hospital
- V. Mwingi Level 4 Hospital
- VI. Ikanga Sub-County Hospital
- VII. Tseikuru Sub-County Hospital
- VIII. Kitui County Textile Center
- IX. Kitui County Empowerment Fund

13. Siaya

- I. Sibo Water and Sanitation Company Ltd
- II. Bondo Municipality
- III. Siaya Municipality
- IV. Ugunja Municipal Board
- V. Ambira Level 4 Hospital
- VI. Bondo Level 4 Hospital
- VII. Got Agulu Sub County Level Hospital
- VIII. Siaya County Referral Hospital
- IX. Siaya County Bursary Fund
- X. Siaya County Climate Change Fund

14. Laikipia

- I. Nyahururu Water and Sanitation Company Limited
- II. Nanyuki Water and Sanitation Company
- III. Municipality Of Nanyuki
- IV. Municipality Of Rumuruti
- V. Nanyuki Teaching and Referral Hospital
- VI. Doldol Level 4 Hospital
- VII. Rumuruti Sub-County Hospital
- VIII. Nyahururu County Referral Hospital
- IX. Emergency Fund
- X. Bursary Fund
- XI. Assets Leasing Fund
- XII. Business Stimulus Fund
- XIII. Climate Change Fund - Flloca
- XIV. Laikipia County Cooperative Fund.
- XV. County Revenue Board
- XVI. County Development Authority

15. Turkana

- I. Lodwar Water and Sanitation Company Limited
- II. Kakuma Municipality
- III. Lodwar Municipality
- IV. Lodwar County Referral Hospital
- V. Lokiatung Sub-County Level 4 Hospital
- VI. Lopiding Sub-County Level 4 Hospital
- VII. Turkana County Executive Car Loan and Mortgage Fund
- VIII. Turkana County Climate Change Fund
- IX. Turkana County Co-Operative Development Enterprise Fund
- X. Turkana County Education Fund
- XI. Turkana County Emergency Fund

16. Narok

- I. Narok Water and Sewerage Services Company Limited (Narwassco)
- II. Kilgoris Municipality
- III. Narok Municipality
- IV. Narok County Referral Hospital
- V. Maasai Mara Community Support Fund
- VI. Alcoholics Drinks Regulation and Control Fund
- VII. Bursary Management Fund

17. Uasin Giishu

- I. Eldoret Water and Sanitation Company Limited (Eldowas)
- II. Municipality Of Eldoret (Now City of Eldoret)

- III. Huruma Level 4 Hospital
- IV. Turbo Level 4 Hospital
- V. Uasin Gishu District Hospital
- VI. Mortgage And Car Loans Scheme Fund
- VII. Alcoholic Drinks Control Fund
- VIII. Cooperative Enterprise Development Fund
- IX. Education Revolving Fund
- X. Bursary And Skills Development Support Fund

18. Nairobi

- I. Nairobi City Water and Sewerage Company Limited
- II. Bahati Level 4 Hospital
- III. Mutuini Dagoretti Level 4 Hospital
- IV. Mama Margaret Uhuru Level 5 Hospital
- V. Mbagathi County Referral Hospital
- VI. Mama Lucy Kibaki-Level 5 Hospital
- VII. Nairobi City County Alcoholic Drinks Control and Licensing Board

19. Meru

- I. Meru Water and Sewerage Services Company (Mewass)
- II. Meru County Rural Water and Sanitation Company (Mewsc)
- III. Meru Municipality
- IV. Maua Municipality
- V. Meru Teaching and Referral Hospital (Mtrh)
- VI. Miathene Sub-County Hospital
- VII. Nyambene Sub-County Hospital
- VIII. Meru County Revenue Board (Mcrb)

20. Trans-Nzoia

- I. Trans Nzoia Water and Sewerage Company Limited.
- II. Kitale Municipality
- III. Kitale County Referral Level 4 Hospital
- IV. Wamalwa Kijana Teaching and Referral Hospital
- V. Trans Nzoia County Climate Change Fund
- VI. Trans Nzoia County Nawiri Fund
- VII. Trans Nzoia County Youth and Women Development Fund
- VIII. Trans Nzoia County Elimu Bursary Fund
- IX. Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund

21. Nakuru

- I. Nakuru Water and Sanitation Company Limited
- II. Nakuru Rural Water and Sanitation Company Limited
- III. Naivasha Water and Sanitation Company Limited

- IV. Gilgil Municipality
- V. Molo Municipality
- VI. Nakuru City
- VII. Naivasha Municipality
- VIII. Nakuru County Referral And Teaching Hospital
- IX. Teaching Hospital
- X. Naivasha Sub-County Level 4 Hospital
- XI. Gilgil Sub-County Level 4 Hospital
- XII. Nakuru County Bursary Fund
- XIII. Nakuru County Climate Change Fund
- XIV. Nakuru County Emergency Fund

22. Kilifi

- I. Kilifi Municipality
- II. Malindi Municipality
- III. Mariakani Municipality
- IV. Mtwapa Municipality
- V. Watamu Municipality
- VI. Kilifi County Climate Change Fund
- VII. Kilifi County Emergency Fund
- VIII. Kilifi County Health Services Improvement Fund
- IX. Kilifi County Microfinance (Wezesha) Fund/board
- X. Kilifi County Ward Scholarship Fund
- XI. Bamba Sub-County Hospital
- XII. Gede Sub County Hospital
- XIII. Jibana Sub District Hospital
- XIV. Kilifi County Hospital
- XV. Malindi District Hospital
- XVI. Marafa Sub County Hospital
- XVII. Mariakani District Hospital
- XVIII. Mtwapa Sub County Hospital
- XIX. Rabai Sub County Hospital
- XX. Kilifi Mariakani Water and Sewerage Co.
- XXI. Malindi Water and Sewerage Co.
- XXII. Kilifi County Assembly Members Mortgage and Car Loan Scheme Fund
- XXIII. Kilifi County Car Loan and Mortgage Scheme Fund

23. Kericho

- I. Kericho County Executive Staff Car Loan Fund
- II. Kericho County Executive Staff Mortgage Fund
- III. Kericho County Emergency Fund
- IV. Kericho County Executive
- V. Financing Locally Led Climate Change Action (FLLoCA) - Kericho
- VI. Kericho County Agricultural Development
- VII. Kericho County Alcoholic Drinks Fund

- VIII. Kericho County Bursary Fund
- IX. Kericho County Enterprise Fund
- X. Forttenan Sub District Hospital
- XI. Kapkatet District Hospital
- XII. Kericho District Hospital
- XIII. Kipkelion Sub District Hospital
- XIV. Londiani District Hospital
- XV. Roret Sub-District Hospital
- XVI. Sigowet Sub-District Hospital
- XVII. Kericho Water and Sanitation Co. Ltd

24. The Committee considered and adopted the Report on the summary of key audit findings in the Auditor-General Reports for Water Companies, Municipalities, Hospitals and funds for the financial year 2024/2025

Committee resolution

The Committee unanimously adopted the aforementioned reports and directed the secretariat to process for tabling of the same.

MIN. NO. SEN/CPICSF/385/2026 ANY OTHER BUSINESS

There was no any other business.

MIN. NO. SEN/CPICSF/386/2026 DATE OF NEXT MEETING & ADJOURNMENT

The Chairperson adjourned the meeting at nineteen minutes to eleven o'clock in the morning. The next meeting would be called on notice.

SIGNED: DATE:31.03.2026.....

(CHAIRPERSON: SEN. GODFREY ATIENO OSOTSI, CBS, MP.)