

| SUMMARY OF UNRESOLVED ISSUES       |                                                                                           |                                                                                                                                                                                                                                                                                                                                                                     |                        |                                                                                                                                       |           |
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| REPORT OF THE FINANCIAL STATEMENTS |                                                                                           |                                                                                                                                                                                                                                                                                                                                                                     |                        |                                                                                                                                       |           |
| Audit query                        | Audit finding                                                                             | Management Response                                                                                                                                                                                                                                                                                                                                                 | Committee observations | Committee recommendations                                                                                                             | Timelines |
|                                    | CPA certifications to attain the qualifications in the scheme of service for accountants. | <p>auditor, whose appointment is confirmed in the attached letter.</p> <p>Further, the County Treasury sent an intent to the Public Service Board to recruit other five (5) internal auditors to resolve the understaffing issue in the directorate as per the attached letter of intent in Appendix 8b. Regarding the CPA qualification, the county is keen in</p> |                        | <p>Audit Committee members since the low sitting allowances may not attract seasoned professionals to the county Audit Committees</p> |           |

## SUMMARY OF UNRESOLVED ISSUES

### REPORT OF THE FINANCIAL STATEMENTS

| Audit query | Audit finding | Management Response                                                                                                                                                          | Committee observations | Committee recommendations | Timelines |
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|             |               | ensuring staff continue pursuing relevant qualifications as they work. The officer who was still pursuing CPA qualification is currently finalizing the post advanced level. |                        |                           |           |



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

**Basis for Qualified Opinion**

| SUMMARY OF UNRESOLVED AUDIT ISSUES     |                                                          |                                                                                                                                                                          |                                                                                                                                         |                                                                                                                        |                                                                                                                                                                                                           |                                                  |
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| No                                     | Audit Query                                              | Audit Findings                                                                                                                                                           | Management Responses                                                                                                                    | Committee Observations                                                                                                 | Committee Recommendations                                                                                                                                                                                 | Timelines                                        |
| <b>REPORTS ON FINANCIAL STATEMENTS</b> |                                                          |                                                                                                                                                                          |                                                                                                                                         |                                                                                                                        |                                                                                                                                                                                                           |                                                  |
| 1                                      | <b>Unreconciled Transfers from the County Government</b> | Kshs. 20,825,147 is understated in the comparison between Meru County Executive financial statements and Meru Revenue Board financial statements transfers and receipts. | The variance of Kshs.20,825,147 relates to the amount that remained untransferred to Meru County revenue board by the county Executive. | The County did not provide any explanation or reconciliation to support the unreconciled variance of Kshs. 20,825,147. | 1. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of | 60 days from the date of adoption of this report |

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|  |  |  |  |  | <p>adoption of this report.</p> <p>2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.</p> <p>3. The Office of the Auditor General should progressivel</p> |  |
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|   |                               |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                    |                                                                                    | y review<br>and report<br>on the<br>matter in the<br>subsequent<br>Financial<br>Years.                                                                                                                                                                                                                              |                                                         |
| 2 | <b>Unsupported<br/>Assets</b> | <p>The County Executive did not provide a list of all parcels of land owned by the County, their specific locations, approximate size, value, and respective title deeds.</p> <p>No title deeds in the name of the County Government were provided for audit.</p> | <p>All the land parcels reported related to the land under which county buildings including offices, hospitals and other facilities are built. The list of all the parcels is available for audit review. This exercise is yet to be completed</p> | <p>The management did not submit title deeds for review by the Auditor General</p> | <p>1. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report;</p> | <p>60 days from the date of adoption of this report</p> |

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|  |  |  |  |  | <p>2. County should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and</p> <p>3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.</p> |  |
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| 3 | <b>Failure to Provide Project Status</b> | <p>Pending accounts payable totalling Kshs.1,329,144,337</p> <p>Management did not provide the project status for the projects undertaken indicating their status with respect to completion, contract prices and payment details. impossible to confirm the total number of projects undertaken by the County and their status.</p> | <p>The County prepared project implementation status showing all the projects undertaken and their status at the closure of the financial year.</p> <p>The report is available for audit review.</p> | <p>The management did not provide project status reports, including completion status, contract prices, and payment details</p> | <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the</p> | <p>60 days from the date of adoption of this report</p> |
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|   |                             |                                                  |                          |                                | <p>date of adoption of this report;</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |                  |
| 4 | <b>Failure to Reconcile</b> | Pending accounts payable Kshs.20,529,158 owed to | Figures correctly stated | The management did not provide | <p>1. The County Executive to identify</p>                                                                                                                                                                                                                                                                                                                                                                         | 60 days from the |

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|  | <b>Kenya Power Debt</b> | Kenya Power and Lighting Company.<br>Kenya Power and Lighting Company records show an amount of<br>Kshs.35,775,596.51<br>unreconciled variance of an amount totaling<br>Kshs.15,246,438.51 | as per audited financial statements | evidence of reconciliations for the outstanding debt. | training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.<br>2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants | date of adoption of this report |
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|   |                                         |                                                                                                                                                                                                                                             |                                                                                                                  |                                                                                                                       | Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.                                                                                                                                   |                                                  |
| 5 | <b>Failure to Support Finance Costs</b> | The ledger presented includes a journal entry correcting an IFMIS error amount of Kshs.1,700,000. The journal neither directly relates to the finance costs reported, nor sufficiently explains how the total of Kshs.1,700,000 was derived | The ledgers included a journal entry of Kshs1,700,000 which related to interest of bank overdraft from KCB bank. | The journal voucher of Kshs. 1,700,000 is unrelated to the loan facility, and details of the amount were not provided | 1. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report. | 60 days from the date of adoption of this report |

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|   |                                          |                                                                                                                                                            |                                                                                               |                                                                  | 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. |  |
| 6 | <b>Long Outstanding Accounts Payable</b> | Pending accounts payable totalling Kshs.1,329,144,337 that were not settled in the year under review but were carried forward to 2024/2025 financial year. | Increase was due to failure by the National treasury to disburse the June 2024 exchequer thus | The management has not provided the current status of the bills. | 1. All County Governments pay verified pending bills amounting to less than Kshs. 1 billion by the end of this                                                                                                                                  |  |

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|  |  | <p>Analysis of the schedule of accounts payable records revealed that the current pending bills amount to Kshs.1,329,144,337, while the outstanding bills for the previous financial year were Kshs.1,044,715,617. An increase of Kshs.284,428,720 or 27% increase in accounts payables from the financial year 2022/2023. Management did not support the payables by a report from the task force appointed by the County to review the bills</p> | <p>affecting on county's ability to settle financial obligation for the period under review</p> |  | <p>financial year and those above Ksh.1 billion by the end of the financial year 2025/2026; and</p> <p>2. That-</p> <p>i. pursuant to the provisions of Regulation 41(2) &amp; (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan,</p> |  |
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|  |  |  |  |  | <p>prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving</p> |  |
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|  |  |  |  |  | <p>exchequer releases;</p> <p>iii. County Government s shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public Finance Management (County Government s) Regulations;</p> <p>iv. Supplement ary budgets for county government s are prepared in the 3rd Quarter to</p> |  |
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|  |  |  |  |  | <p>curb instances of arbitrary re-allocations out of the approved budget estimates;</p> <p>v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and</p> |  |
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|   |                                            |                                                                                                                                                                                                                                  |                                                                                                                                     |                                                                                                                                                    | vi. County government shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets. |                                                  |
| 7 | <b>Leasing of Medical Equipment Amount</b> | Leasing of medical equipment amount of Kshs.124,723,404. and Kshs.110,638,298 for the current and comparative year respectively deducted at source.<br>No records were available for audit indicating how the amount deducted at | Since Financial statements are prepared on Cash basis and the said amount was neither received nor paid by the county, there was no | The management incurred Kshs. 124,723,404 and Kshs. 110,638,298 for leasing medical equipment in the current and previous year, respectively, with |                                                                                                                                                                                                | 60 days from the date of adoption of this report |

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|                      |                                          | source was treated in the books of the County Executive conditional grant amount.<br>No service provider agreement. | treatment of the same in the books of the county           | amounts deducted at source.<br><br>The management did not provide records showing how these deductions were treated in the County Executive's books under conditional grants.<br><br>The management did not provide a service provider agreement for review |                                                                                                            |            |
| <b>OTHER MATTERS</b> |                                          |                                                                                                                     |                                                            |                                                                                                                                                                                                                                                             |                                                                                                            |            |
| 8                    | <b>Budgetary control and performance</b> | Under-funding of Kshs.1,568,584,692 or 15% of the budget.<br>Spending Kshs.9,085,410,908 against an approved        | Failure by the National Treasury to disburse the June 2024 | The management faced under-funding of Kshs. 1,568,584,692 (15% of the budget).                                                                                                                                                                              | 3. The National Treasury should ensure timely release of funds to county governments in line with the cash | Continuous |

|   |                             |                                                                                                                                                                                                                                                            |                                                                                                                                                                                  |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                      |  |
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|   |                             | <p>budget actual receipts of Kshs.10,813,575,5769,244 ,990,884 resulting to an under-utilization of.</p> <p>The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public</p> | <p>exchequer release.</p> <p>The county has instituted mechanism including preparation of revenue enhancement plan to ensure it meet and surpass its local collection target</p> | <p>Expenditure amounted to Kshs. 9,085,410,908 against actual receipts of Kshs. 10,813,575,576, leading to under-utilization of funds.</p> <p>Under-funding and under-utilization affected planned activities and may have negatively impacted service delivery</p> | <p>disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and</p> <p>4. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls</p> |  |
| 9 | <b>Contingent liability</b> | <p>Failure by Management to provide a complete schedule of the contingent liabilities reflecting the estimated amounts, taxed amounts, fee notes paid,</p>                                                                                                 | <p>Disclosure was done as per the format provided by the public sector</p>                                                                                                       |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                      |  |

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|    |                                      | status of the cases, and unpaid balance concerning the litigations affecting the County.       | accounting standard board                                            |                                                                                                     |                                                                                                                                                                                                 |                                                  |
| 10 | <b>Unresolved prior year matters</b> | Management has not resolved the issues or given satisfactory explanation for failure to adhere | County Executive of Meru adheres to resolving the outstanding issues | The management did not resolve the issues or provide a satisfactory explanation for non-compliance. | The County Executive complies with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General for review | 60 days from the date of adoption of this report |

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

|    |                                                |                                                                                                      |                                                                                                                             |                                                                                                            |                                                                                                                                         |            |
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| 10 | <b>Late Disbursement of Exchequer Releases</b> | Meru County Executive received an amount of Kshs.850,090,881 after 25 June, 2024 from the Exchequer. | We concur with the audit observation that The National Treasury disbursed Kshs 850,090,881 after June 2024 and also did not | The National Treasury disbursed Kshs. 850,090,881 after June 2024 and did not release the June allocation. | The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved | Continuous |
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|    |                                                                           |                                                                                                                                                             | release the June 2024 tranche                                                                                                                                                     |                                                                                                                                  | by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.                                                                        |                                                  |
| 11 | <b>County Headquarter Network Restructuring Purchase of Fiber Cabling</b> | The inspection and acceptance committee comprised of two Members which is short of the requirements. Kshs.2,500,500 was paid to another Investments Company | Inspection and acceptance committee comprised of three members who both signed the forms. Kshs 2,500,500 was incurred for purchase of overhead fibre cabling from ICT Data Centre | The management appointed an inspection and acceptance committee with only two members, falling short of the required composition | 1. The management comply with Section 48 of the Public Procurement and Disposal Act, 2015 by appointing a properly constituted inspection and acceptance committee within 60 days from the date of | 60 days from the date of adoption of this report |

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|  |  |  |  |  | <p>adoption of this report.</p> <p>2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a</p> |  |
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|    |                 |                                                                                                                                                 |                                                                                                                     |                                                               | professional misconduct                                                                                                                                                                                                                                                                                                                                   |                                                  |
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| 12 | <b>Projects</b> | Physical verification exercise conducted in September, 2024 revealed that the two (2) projects had not been done satisfactorily or have stalled | Maua Studio was at 90% completion rate and not operational. Final completion certificate was yet to be issued. time | The management did not provide the current status of projects | 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, | 60 days from the date of adoption of this report |

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|  |  |  |  |  | <p>2015 within 60 Days from the date of adoption of this report;</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle</p> |  |
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| 13 | <b>Compliance with the law on fiscal responsibility – Salaries and Wages bills</b> | Compensation of employees representing 50% of the total receipts | County is working towards achieving the Fiscal responsibilities as provided for in the PFM Act (2012). Recruitment of non-essential staff has been frozen | The management allocated 50% of total receipts to employee compensation. | <ol style="list-style-type: none"> <li>1. The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government ) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue.</li> <li>2. the county executive puts in place measures to enhance own source revenue</li> </ol> | 60 days from the date of adoption of this report |
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|    |                                                |                                         |                                 |                                                              | <p>collection in order to address high wage bill gap.</p> <p>3. The management of the concerned entities should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.</p> |                                   |
| 14 | <b>Lack of an Approved Staff Establishment</b> | Lack of an approved staff establishment | Draft staff establishment done. | The management did not have an approved staff establishment. | 4. The County should submit by the end of the first                                                                                                                                                                                                                              | 60 days from the date of adoption |

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|    |                                          |                                                           |                                                                                       |                                                                            | <p>quarter FY 2025/26, the measures taken to rationalize the staff establishment to the Auditor General.</p> <p>5. The County to provide an approved staff establishment by the end of the first quarter of FY 2025/2026 to the Auditor General.</p> | of this report                                   |
| 15 | <b>Regional Diversity in Recruitment</b> | Non adherence to the one third gender rule on recruitment | Few applicants from the non-dominant communities did not meet the minimum requirement | The management did not adhere to the one-third gender rule in recruitment. | 1) the County Executives should work progressively towards attaining the requirement of the                                                                                                                                                          | 60 days from the date of adoption of this report |

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|    |                                                            |                                                                                                                               | criteria set for respective vacancies as advertised.                               |                                                                                                                        | provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.<br>2) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012 |                                                  |
| 16 | <b>Non-Adherence to One Third Basic Salary Requirement</b> | One thousand, seven hundred and seven (1,707) employees' salary deductions fell below the one-third (1/3) of the basic salary | Occasioned by introduction of Housing levy along with the enhanced SHA deductions. | The management allowed salary deductions for 1,707 employees to fall below the required one-third of the basic salary. | 1) The county entities should configure their IPPD system such that it is able to lock                                                                                                                                                  | 60 days from the date of adoption of this report |



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|    |                                                                   |                                                                                                                                             |                                                                                                                                   |                                                                                                                      | <p>out commitment s beyond the accepted thresholds; and</p> <p>2) The Auditor General should continue monitoring the issue in subsequent audit cycles.</p>                                                 |                                                  |
| 17 | <b>Failure to Implement Previous Year's Audit Recommendations</b> | County Government did not provide implementation report from the oversight bodies on the status of implementation of their recommendations. | The Senates sessional committee on public accounts and County Assembly committee did not consider the previous year audit report. | The management did not provide an implementation report from oversight bodies on the status of their recommendations | The County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the | 60 days from the date of adoption of this report |

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|                                                                                     |                            |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                  |                                                                                                                                                                                                                         | adopting this report.                                                                                                                                                                                                                                             |                                                  |
| <b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b> |                            |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                  |                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                   |                                                  |
| 18                                                                                  | <b>Voided Transactions</b> | IFMIS) records revealed that one hundred and forty-five (145) transactions with a value of Kshs.415,385,168.75 were processed and voided or canceled during the year ended 30 June, 2024. These transactions were not supported by requests to void and documentary evidence to confirm that the Controller of Budget was informed of the voiding of the payments to make necessary adjustments | During the period under review, the county voided 145 transactions with a value of Kshs 415,385,168.75 . This was due to them failure by The National Government to release June 2024 exchequer. | The management voided 145 transactions worth Kshs. 415,385,168.75, citing the National Government's failure to release the June 2024 exchequer but did not provide supporting evidence or adequately address the issue. | 1. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report. | 60 days from the date of adoption of this report |

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| <p>2. The Office of the County Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds</p> |  |  |  |  |  |  |  |  |  |
| <p>3. Within six months of adoption of this report the CS</p>                                                                                                                                                                                                 |  |  |  |  |  |  |  |  |  |

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|  |  |  |  |  | <p>National Treasury to ensure IFMIS reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved.</p> <p>4. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller</p> |  |
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|    |                                                |                   |                                                                                                                                                 |                                                        | of Budget Act                                                                                                                                                                                                                                                                                            |                                                  |
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| 19 | <b>Failure to Tag Fixed and Movable Assets</b> | Assets not tagged | This was due to budgetary constraints. The county will complete the tagging exercise of all its assets once funds for the task are appropriated | The management did not update it fixed asset register. | 1) County entities should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;<br>2) County entities should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities | 60 days from the date of adoption of this report |

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|    |                         |                                          |                            |                            | <p>from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of the adoption of this Report; and</p> <p>3) The Office of the Auditor General should progressively review and report on the matter in the subsequent financial year audits.</p> |                  |
| 20 | <b>Long Outstanding</b> | Overdue retention monies for contractors | The contracts entered into | The management has overdue | The management take administrative                                                                                                                                                                                                                                                                  | 60 days from the |



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|  | <b>Retentions<br/>and Deposits<br/>Refund</b> |  | with the<br>contractor were<br>multi year | retention monies<br>for contractors that<br>have not been<br>settled. | actions against the<br>officers who failed<br>to comply with<br>Regulation 63 (4)<br>of the Public<br>Finance<br>Management<br>(County<br>Governments)<br>Regulations 2015,<br>in the management<br>of retentions<br>account, and<br>submit a status<br>report to the<br>auditors, within 60<br>days of adoption of<br>this report. | date of<br>adoption<br>of this<br>report |
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE  
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MIGORI COUNTY EXECUTIVE FOR  
THE FINANCIAL YEAR 2023/2024**

**Basis for Qualified Opinion**

| <b>Audit Query</b>               | <b>Audit Finding</b>                                                                                                                                                                                                                                                                                                                                                                                | <b>Management Response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Committee Observations</b>                                                                                                                                                                                         | <b>Committee Recommendations</b>                                                                                                                                                                                                                                                                                           |
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| Unsupported Expenditure on Wages | <ul style="list-style-type: none"> <li>Kshs.141,269,005 was spent on basic wages for temporary employees. However, the letters of appointment for the temporary employees were not provided for audit review. Management explained that most of the temporary employees were inherited from the defunct local authorities and the process of regularizing their engagements was ongoing.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Public Service Board has not been functional for a period of two years due to protracted court cases, which was concluded in December 2024. The County Public Service Board is currently regularizing the engagement of temporary workers. The first batch of recruitment of 411 casuals is completed and awaiting issuance of letters of appointment.</li> </ul> | <ul style="list-style-type: none"> <li>Kshs. 141,269,005 was spent on basic wages for temporary employees.</li> <li>Letters of appointment for the temporary employees were not provided for audit review.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>the County Executive expedites the regularization of all temporary staff engagements through the now-functional County Public Service Board and immediate steps should be taken to issue letters of appointment to the 411 casuals</li> </ol> |

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|  |  |  |  | <p>whose recruitment has been completed, and all supporting documentation should be made available for audit review to confirm the existence, accuracy, and completeness of the wages paid to the Office of the Auditor General within sixty (60) days from the adoption of this report; and</p> <p>2. the County Executive management should establish robust internal controls to ensure that all future engagements of temporary</p> |
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|  |  |  |  | employees are properly documented and approved in compliance with relevant regulations. |
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| <b>1. Unsupported Legal Expenses</b> | <ul style="list-style-type: none"> <li>• Kshs.50,326,213 was utilized for payment for legal services. However, the fee notes provided for audit did not indicate the nature of work done for the amount claimed.</li> <li>• No tabulation was provided to show how the fee notes conformed to the Advocates and Remuneration Order, 2014.</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that most of the fee notes paid during the year were judgment and pending bills whose invoices were raised earlier. However, the fee notes, currently processed for payment are in conformity with Advocates and Remuneration Order of 2014 format.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs. 50, 326,213 was utilized for payment for legal services.</li> <li>• The fee notes provided for audit did not indicate the nature of work done for the amount claimed.</li> <li>• No tabulation was provided to show how the fees notes conformed to the Advocates and Remuneration Order 2014.</li> </ul> | <ol style="list-style-type: none"> <li>1. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.</li> <li>2. The EACC initiates an investigation with the view of causing prosecution of the accounting officer for the possible loss of Kshs.50,326,213 whose expenditure was incurred as legal fees without proper documentation and approvals.</li> <li>3. The County Executive utilizes</li> </ol> |
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|                                  |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                 | the Office of the County Attorney to provide legal advice and court representation and should provide evidence of compliance with the County Attorneys Act within 60 days of the adoption of this report.                                                |
| Land Acquired without Title Deed | <ul style="list-style-type: none"> <li>Kshs.1,500,000 was utilized by the Department of Trade, Tourism Industrialization and Cooperative to purchase land. However, according to Management, the title deed was still being processed as at the time of audit.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the title deed is yet to be processed and will be availed for review upon receipt from the land 's registerer</li> </ul> | <ul style="list-style-type: none"> <li>Kshs. 1,500,000 was utilized by the Department of Trade, Tourism and Cooperative to purchase land.</li> <li>The Title deed was still being processed as at the time of audit.</li> </ul> | <p>The Committee recommends that;</p> <p>5. the County Executive Management urgently expedites its engagement with the Ministry of Lands to process and secure the title deed for the land acquired at a cost of Kshs.1,500,000 by the Department of</p> |



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|  |  |  |  | <p>Trade, Tourism, Industrialization, and Cooperatives;</p> <p>6. the County Executive should establish a systematic process to ensure that all future land acquisitions are accompanied by proper legal documentation at the time of purchase to avoid similar issues and uphold transparency and accountability in asset management;</p> <p>7. County should expedite the process of updating and presenting their Fixed Assets</p> |
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|  |  |  |  | <p>Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; and</p> <p>8. The County Executive should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from</p> |
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|  |  |  |  | defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of the adoption of this Report. |
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| <b>Emphasis of Matter</b> |
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| <b>1. Budgetary Control and Performance</b> | <ul style="list-style-type: none"> <li>The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis amounts of Kshs.11,473,037,521 and Kshs.8,667,087,798 respectively, resulting in an underfunding of Kshs.2,805,949,723 or 24% of the budget. However, Management spent a total of Kshs.8,652,021,734 out of actual receipts of Kshs.8,667,087,798 resulting to under-utilization of Kshs.15,066,004 of actual receipts.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the Exchequer Disbursement for the month of June 2024 and most of the donor funds were not received during the year under review resulting to underfunding. Consequently, this resulted to underutilization of the budget.</li> </ul> | <ul style="list-style-type: none"> <li>Underfunding of Kshs. 2,805,949,723.</li> <li>Management spent a total of Kshs.8,652,021,734 out of actual receipts of Kshs.8,667,087,798 resulting to under-utilization of Kshs.15,066,004 of actual receipts.</li> </ul> | <p>The Committee recommends that:</p> <ol style="list-style-type: none"> <li>The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and</li> <li>The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and</li> </ol> |
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|                                   |                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                          | address revenue shortfalls.                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>2. Late Exchequer Releases</b> | <ul style="list-style-type: none"> <li>The statement of receipts and payments, and as disclosed in Note 1 to the financial statements, reflects transfers from County Revenue Fund (CRF) amount of Kshs.8,520,597,992. Included in transfers is an amount of Kshs.1,686,316,641 which was transferred from the CRF on diverse dates between 18 June, 2024 and 5 July, 2024.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Executive will continue to lobby through Council of Governors (COG) and other stakeholders on timely disbursement of exchequer releases.</li> </ul> | <ul style="list-style-type: none"> <li>The statement of receipts and payments reflects transfers from CRF amount of Kshs.8,520,597,992 . Included in transfers is an amount of Kshs.1,686,316,641 which was transferred from the CRF on diverse dates between 18 June, 2024 and 5 July, 2024.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and</li> <li>2. The county executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.</li> </ol> |
| <b>Other Matter</b>               |                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                   |



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| <b>1. Unresolved Prior Year Matters</b>                                  | <ul style="list-style-type: none"> <li>In the previous year's audit report, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved these issues as at 30 June, 2024 and no satisfactory reasons were provided for failure to resolve them.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and commits to continuously resolving the issues as raised in the Auditor General's report.</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>Management had not resolved these issues as at 30 June, 2024 and no satisfactory reasons were provided for failure to resolve them.</li> </ul>                             | <p>The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by acting on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.</p> |
| <p>County Executive Preparedness to Transition to Accrual Accounting</p> | <ul style="list-style-type: none"> <li>County Executive of Migori had not implemented the prerequisites to accrual accounting, except training four (4) members of staff in the Finance Department and</li> </ul>                                                                                                                                                                                                                                            | <p>The management noted the auditor's observation and wishes to state that the following has been done in readiness to migration to accrual accounting.</p> <ul style="list-style-type: none"> <li>➤ Training of all Accountants on accrual financial reporting.</li> </ul> | <ul style="list-style-type: none"> <li>County Executive of Migori had not implemented the prerequisites to accrual accounting, except training four (4) members of staff in the Finance Department and</li> </ul> | <p>The Committee recommends that</p> <ol style="list-style-type: none"> <li>the County Executive takes immediate and comprehensive steps to ensure full compliance</li> </ol>                                                                                  |



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|  | <p>adoption of quarterly reporting template on accrual basis. Further, the National Treasury had not configured the Integrated Financial Management Information System (IFMIS) to support accrual accounting contrary to Paragraph 1.4 of the Guidelines on Transition from Cash Basis to Accrual Basis of Accounting by Ministries, Departments, Agencies (MDAs) and County Governments which states that on 7 March, 2024 the Cabinet approved the transition from cash basis of accounting to accrual basis of accounting with effect from 1 July, 2024 and that the</p> | <ul style="list-style-type: none"> <li>➤ Establishment of Steering and Technical transition committees on Accruals.</li> <li>➤ Preparation of a comprehensive Fixed asset register is ongoing.</li> <li>➤ The management has adopted quarterly reporting template on accrual starting quarter two.</li> <li>• Upon configuration of the IFMIS on accrual accounting, the management through the steering committee will organizes with the National Treasury IFMIS Team to train the IFMIS users at the County Executive.</li> </ul> | <p>adoption of quarterly reporting template on accrual basis.</p> <ul style="list-style-type: none"> <li>• The National Treasury had not configured the Integrated Financial Management Information System (IFMIS) to support accrual accounting contrary to Paragraph 1.4 of the Guidelines on Transition from Cash Basis to Accrual Basis of Accounting by Ministries, Departments, Agencies (MDAs).</li> <li>• This therefore means that the entity's financial statements for the year ended 30 June, 2025 shall be prepared on IPSAS accrual basis of</li> </ul> | <p>with the transition to accrual basis accounting as mandated by the National Treasury, in line with the Cabinet's approval of 7 March 2024 which includes urgently configuring the Integrated Financial Management Information System (IFMIS) to support accrual accounting, expanding training programs to equip all relevant staff with the necessary skills, and developing robust systems</p> |
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|  | <p>transition is to be undertaken over a three-year period. This therefore means that the entity's financial statements for the year ended 30 June, 2025 shall be prepared on IPSAS accrual basis of accounting and reporting.</p> |  | <p>accounting and reporting.</p> | <p>and processes to facilitate accurate recording and reporting of assets, liabilities, revenues, and expenses on an accrual basis; and</p> <p>2. The County Executive should also establish a dedicated transition team to oversee the implementation of these measures and ensure that the financial statements for the year ending 30 June 2025 are prepared in full compliance with International Public Sector Accounting</p> |
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Standards (IPSAS) on an accrual basis and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.

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

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| Non-Compliance with the Public Sector Accounting Standards Board Reporting Framework | <ul style="list-style-type: none"> <li>The budget execution by programmes and sub-programmes schedule has column headings for budget amounts indicated as Approved Budget, Approved Supplementary 1 and Approved Supplementary 2. This is contrary to the prescribed reporting template which requires columns for budget amounts to be titled</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wish to state that going forward the Budget Execution by Programmes will be captured by the current names. Further detailed pending bills will be disclosed now that the reports will be on accrual.</li> </ul> | <ul style="list-style-type: none"> <li>The budget execution by programmes and sub-programmes contravened the prescribed reporting template which requires columns for budget amounts to be titled Original Budget, Adjusted Budget and Final Budget.</li> <li>Pending accounts payable does not reflect names of suppliers of goods or services and the</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>the County Executive immediately aligns its financial reporting with the prescribed Public Sector Accounting Standards Board (PSASB) framework to ensure full compliance with Section 164(1) of the Public Finance Management Act, 2012 including</li> </ol> |
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|  | <p>Original Budget, Adjusted Budget and Final Budget.</p> <ul style="list-style-type: none"> <li>• Further, Annex 2 on analysis of pending accounts payable does not reflect names of suppliers of goods or services and the related dates invoiced/contracted, particulars, original amounts, balances at the beginning of the year, additions during the year, amounts paid during the year and outstanding balances.</li> <li>• Management contravened Section 164(1) of the Public Finance Management Act, 2012, which requires accounting officers of county government entities to prepare financial statements in formats</li> </ul> |  | <p>related dates invoiced/contracted, particulars, original amounts, balances at the beginning of the year.</p> <ul style="list-style-type: none"> <li>• Management contravened Section 164(1) of the Public Finance Management Act, 2012, which requires accounting officers of county government entities to prepare financial statements in formats that comply with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.</li> </ul> | <p>revising the budget execution schedule to reflect the correct column headings—<br/>Original Budget, Adjusted Budget, and Final Budget—and ensuring that Annex 2 on the analysis of pending accounts payable provides detailed information such as supplier names, dates invoiced or contracted, particulars, original amounts, balances at the beginning of the year, additions during the year, amounts paid, and outstanding balances; and</p> <p>2. The County Executive to identify the training needs of its staff serving in the Finance</p> |
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|                                                                                | that comply with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                          | Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.                                                                                                                      |
| Non-Compliance with Fiscal Responsibility Principle on Development Expenditure | The statement of comparison of budget and actual amounts (development) reflects total actual expenditure of Kshs.2,352,710,272 or 27% of the total expenditure of Kshs.8,652,021,734 reflected in the statement of receipts and payments. This is contrary to Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, which requires development expenditure to be at least 30% of total expenditure. | <i>The Management wishes to state that County Government of Migori did not contravene section 107(2)(b) of the PFM Act of 2012 by spending 27% on development expenditure as alluded above. However, the actual position on the development expenditure for the FY 2023/2024 was Kshs 2.35 billion accounting for 56.77 percent of the total annual development budget of Kshs 4.1billion.</i><br><br><i>Further most of the planned development projects were ongoing at the close of the financial year hence could not be</i> | Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, which requires development expenditure to be at least 30% of total expenditure.<br><br>But not absorption rate as explained | The Committee recommends that;<br><br>1. The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 percent of the county's total revenue; |

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|  |  | <p><i>paid for and those that were completed were paid upon receipt of the June exchequer disbursement which came late in July 2024</i></p> |  | <p>2. The county executive puts in place measures to enhance its own source revenue collection to address the high wage bill gap; and</p> <p>3. The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.</p> |
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| <p><b>1.0 Pending Accounts Payable</b></p> | <ul style="list-style-type: none"> <li>Annexure 2 to the financial statements reflects pending accounts payable balance of Kshs.1,763,314,575. During the year under review, the total pending accounts payable were Kshs.2,485,371,148, out of which, Management paid an amount of Kshs.722,056,573, leaving a balance of Kshs.1,763,314,575. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which states that debt service payments shall be a first charge on the County Revenue Fund and the accounting</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Executive is committed and has prioritize payment of pending bills despite the challenges faced of late exchequer releases. The management has provided for Kshs 1.3 billion in the FY 2024/2025 Supplementary budget 1 to reduce pending bills. By end of January 2025, the management already paid. 1.1 billion out of Kshs 1,7billion pending bills.</li> </ul> | <ul style="list-style-type: none"> <li>The financial statements reflects pending accounts payable balance of Kshs.1,763,314,575</li> <li>During the year under review, the total pending accounts payable were Kshs.2,485,371,148 , out of which, Management paid an amount of Kshs.722,056,573, leaving a balance of Kshs.1,763,314,575</li> <li>This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>Pursuant to the provisions of Regulation 41(2) &amp; (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done.</li> </ol> |
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|  | <p>officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations. In addition, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent years as they form a first charge.</p> |  |  | <p>2. The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases.</p> <p>3. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public Finance Management (County Governments) Regulations.</p> <p>4. Supplementary budgets for county governments are</p> |
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prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates.

5. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects.

6. County governments shall conduct public participation while formulating supplementary

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|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                           | budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.                                                                                                                                                                                               |
| <b>Regularity of Human Resource Management Practices</b>         |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                     |
| Non-Compliance with Fiscal Responsibility Principle on Wage Bill | <ul style="list-style-type: none"> <li>The statements of receipts and payment reflects an amount of Kshs.3,255, 148,943 in respect of compensation of employees, while the County Revenue Fund-County Government of Migori indicates total revenue of Kshs.8,520,597,992. Therefore, compensation of employees represented 38% of the total revenue received, contrary to Regulation 25(1)(b) of the Public Finance</li> </ul> | <ul style="list-style-type: none"> <li>The Management noted the auditor's observation and wishes to state that the County compensation was at 38% due to unrealized revenue as a result of delay in exchequer releases and under-collection of Own Source Revenue. Further the department has put up various measure to improve own source revenue: introduction of cashless mode of collection, establishment of revenue board and enhance supervision and enforcement.</li> </ul> | <ul style="list-style-type: none"> <li>Management contravened Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the County Governments' expenditures on wages and benefits for its public officers shall not exceed thirty-five (35%) of the County Government total revenue.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 percent of the</li> </ol> |



Management (County Governments) Regulations, 2015, which stipulates that the County Governments' expenditures on wages and benefits for its public officers shall not exceed thirty-five (35%) of the County Government total revenue.

- county's total revenue;
2. The county executive puts in place measures to enhance its own source revenue collection to address the high wage bill gap; and
  3. The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.



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| Delayed Confirmation in Employment                                    | <ul style="list-style-type: none"> <li>Analysis of the payroll for the month of June, 2024 revealed one thousand, one hundred and twenty-six (1126) officers who had been on probation for more than six (6) months, contrary to Section B.13(1) of the County Public Service Human Resource Manual which requires that an officer be put on probation for a period of six (6) months as provided for in the Employment Act, 2007.</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state the 1126 staff have since been confirmed in the IPPD payroll System.</li> </ul>                                                                | <ul style="list-style-type: none"> <li>One hundred and twenty-six (1126) officers were on probation for more than six (6) months, contrary to Section B.13(1) of the County Public Service Human Resource Manual.</li> </ul> | The Committee recommends that the county executive adheres to Section B.13(1) of the County Public Service Human Resource Manual which requires that an officer be put on probation for a period of six (6) months as provided for in the Employment Act, 2007. |
| Non-Compliance with Ethnic and Special Needs in the Staff Composition | <ul style="list-style-type: none"> <li>Analysis of the Integrated Personnel and Payroll Database (IPPD) records for the month of June, 2024 revealed that the County Executive had a total</li> </ul>                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that Migori County is a cosmopolitan County and all communities are always encouraged to apply for the advertised vacancies in line</li> </ul> | The County Executive had a total workforce of 3368 out of whom, 2414 or 72% were members of the dominant community in the County. This was contrary Section 65(1)(e) of the                                                  | The Committee recommends that;<br><br>1) The County Executives should work                                                                                                                                                                                      |

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|  | <p>workforce of 3368 out of whom, 2414 or 72% were members of the dominant community in the County. This was contrary Section 65(1)(e) of the County Government Act, 2012, which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.</p> <ul style="list-style-type: none"> <li>• Further, there were fifty-five (55) persons with special needs working for</li> </ul> | <p>with National Cohesion and Integration Act, 2008. However, the County Government of Migori, through County Public Service Board, is currently working towards full compliance and implementation of section 7(1) and (2) of the National Cohesion and Integration Act, Section 13 of the persons with Disabilities Act, 2003 and County Employment Equity Plan as prescribed in the revised County Government Act.</p> | <p>County Government Act, 2012.</p> | <p>progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.</p> <p>2) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.</p> |
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|                                        | <p>the County Executive, representing 1.6% of the workforce, which is below the threshold of 5% provided for in Section 13 of the Persons with Disabilities Act, 2003. In addition, persons with special needs were not represented in the County Executive Committee and among the chief officers appointed.</p> |                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                    |                                                                                                                                                                |
| Violation of One-Third Rule on Net Pay | <ul style="list-style-type: none"> <li>Analysis of the payroll for the month of June, 2024 revealed that a total of four hundred and sixty-three (463) officers earned less than a third of their respective basic salaries at various times during the year, contrary to</li> </ul>                              | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the staff cited were affected by the implementation of the housing levy fund. However, this will continuously be regularized by the annual increments. Going forward, the one third rule will be managed with the configuration of the new</li> </ul> | <ul style="list-style-type: none"> <li>Four hundred and sixty-three (463) officers earned less than a third of their respective basic salaries at various times during the year, contrary to Section 19(3) of the Employment Act, 2007.</li> </ul> | <p>The Committee recommends that;</p> <p>3) The county entities should configure their IPPD system such that it is able to lock out commitments beyond the</p> |



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|                                                                      | <p>Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.</p> | HRIS payroll system                                                                                                                                                                                                        |                                                                                                                                                                       | <p>accepted thresholds; and</p> <p>4) The Auditor General should continue monitoring the issue in subsequent audit cycles.</p> |
| Failure to Customize Schemes of Service to Suit the County Executive | <ul style="list-style-type: none"> <li>Review of the County Executive's schemes of service revealed that they were prepared by the National Government for use</li> </ul>                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Public Service Board has not been functional for the last two years due to protracted</li> </ul> | <ul style="list-style-type: none"> <li>The schemes of service do not address all the cadres of staff and do not incorporate the changes that have occurred</li> </ul> | The Committee recommends that the County Executive, through the now-functional County Public Service Board,                    |

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|                                                   | <p>by its officers before the commencement of the County Governments. The schemes of service do not address all the cadres of staff and do not incorporate the changes that have occurred within the County Executive's staff establishment over the years.</p> | <p>court cases. However, with conclusion of the cases, the County Public Service Board will customize the schemes of work to suit the County staff establishment and needs.</p>                             | <p>within the County Executive's staff establishment over the years.</p>                                                                          | <p>prioritizes the customization and updating of the schemes of service to align with the current staff establishment and operational needs of the County and should address all cadres of staff and incorporate the changes that have occurred over the years, ensuring they are tailored to the specific requirements of the County Government and provide a status update to the Auditor General within 60 days of adoption of this report.</p> |
| <p>Under Staffing of County Attorney's Office</p> | <ul style="list-style-type: none"> <li>Information provided for audit indicated that the Office of the County Attorney had an approved staff</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Public Service Board has not be able to recruit any staff for the last</li> </ul> | <ul style="list-style-type: none"> <li>Staff establishment of eight (8) officers and four (4) legal officers in place which represents</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The county Executive</li> </ol>                                                                                                                                                                                                                                                                                                                                       |



establishment of eight (8) officers and four (4) legal officers in place which represents 50% of its approved capacity. Further, no legal personnel were hired in the year under review despite there being a need to do so. This was contrary to Section 22(1) of the Office of the County Attorney Act, 2020 which stipulate that there shall be such officers and other members of staff of the Office as the County Attorney, in consultation with the County Public Service Board, considers necessary for the proper and efficient discharge of the functions of the Office.

two years due to protracted court cases which has since been concluded. Going forward the department will budget for recruitment of additional staff in the County Attorney's office to fill the staff requirement needs.

50% of its approved capacity.

- No legal personnel were hired in the year under review despite there being a need to do so. This was contrary to Section 22(1) of the Office of the County Attorney Act.

should expedite development and approval of its staff establishment and a status report should be submitted to the Auditor General for verification within sixty (60) days of the adoption of this report.

2. The county Executive submits a status report to the OAG on the progress of the audit on staff establishment, payroll and the County's measures to ensure compliance with the law.

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| <p>Non-Compliance with Access to Government Procurement Opportunities (AGPO)</p> | <ul style="list-style-type: none"> <li>• The statement of receipts and payments reflects total expenditure of Kshs.8,652,021,734 out of which an amount of Kshs.3,093,707,805 related to the procurements. However, out of the latter amount, only an amount of Kshs.338,836,506 or 11% was categorized under the AGPO program. This was contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015, which provides that all procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that this compliance level of 11.6% is necessitated by the following reasons. <ul style="list-style-type: none"> <li>➤ Limited Firms registered: From our observation, the number of firms registered under this category are very few. This is indicated by the number of re-advertisements done under this category. The entity does a number of re-adverts due to no responses by the eligible bidders.</li> <li>➤ Limited Awareness and Training: Many potential bidders from AGPO categories lack sufficient information about the procurement process, available opportunities, and how to submit competitive bids.</li> <li>➤ Resource Constraints: Many small enterprises owned by women, youth, and persons with disabilities often face</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• The statement of receipts and payments reflects total expenditure of Kshs.8,652,021,734 out of which an amount of Kshs.3,093,707,80.</li> <li>• Out of the latter amount, only an amount of Kshs.338,836,506 or 11% was categorized under the AGPO program. This was contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. the County Executive takes immediate corrective measures to ensure full compliance with Section 53(6) of the Public Procurement and Asset Disposal Act, 2015, which mandates the reservation of at least 30% of procurement opportunities for enterprises owned by women, youth, persons with disabilities, and other disadvantaged groups under the Access to Government</li> </ol> |
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enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

financial and logistical challenges, making it difficult to compete in the government contracts. A number of contracts awarded to AGPO are not executed in time.

- Capacity Gaps: There may be skill gaps in areas such as proposal writing, financial management, and project execution, which can hinder the ability of these groups to effectively bid for and execute contracts.
- Market Barriers: Limited access to networks, information, and partnerships can isolate these businesses, reducing their chances of successfully bidding for tenders.
- Fear of Failure: Previous negative experiences or a general lack of confidence in the bidding process can discourage AGPO participants from engaging in tenders.

Procurement Opportunities (AGPO)

- program; and
2. The County should review its procurement planning and budgeting processes to allocate and prioritize the required percentage for AGPO-compliant enterprises, while also enhancing awareness and capacity-building initiatives to encourage participation from eligible groups; and
3. the County Executive should establish



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|                                      |                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Due to the above reasons, the procuring entity is faced with a challenge to meet the above requirement of section 53(6) of the PPADA, 2015. However, the management is committed to improve to reduce the gap.</li> </ul> |                                                                                                                                                                                                                                                   | <p>a monitoring and evaluation framework to track compliance with AGPO requirements and ensure transparency and accountability in procurement activities to the Auditor General within sixty (60) days from the adoption of this report.</p> |
| Payments to the Council of Governors | <ul style="list-style-type: none"> <li>Kshs.3,000,000 was paid to the Council of Governors for the purpose of meeting its operational expenses. This was contrary to Section 37 of the Intergovernmental Relations Act, 2012</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the County Executive will engage the various stakeholders including the County Assembly to enact laws to facilitate the payments</li> </ul>       | <ul style="list-style-type: none"> <li>Kshs.3,000,000 was paid to the Council of Governors for the purpose of meeting its operational expenses.</li> <li>This was contrary to Section 37 of the Intergovernmental Relations Act, 2012.</li> </ul> | <p>3. The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their</p>                                                                   |

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|                                          | <p>which provides that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of The National Government to cater for (a) the Summit; (b) the Council of County Governors; (c) the Technical Committee, Secretariat and the sectoral working group established by the Technical Committee; and (d) the sectoral working groups established by the Council.</p> |                                                                                                                                 |                                                                                         | <p>capacity as Chief Executive Officer, who continues to make the irregular contribution; and</p> <p>4. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate.</p> |
| Payment to the Lake Region Economic Bloc | <ul style="list-style-type: none"> <li>• Kshs.2,000,000 was paid to the Lake Region Economic</li> </ul>                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.2,000,000 was paid to the Lake</li> </ul> | The Committee recommends that the irregular payments to                                                                                                                                                                                                                                                |



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|                               | Bloc. However, the law under which the payment was made was not provided for audit.                                                                                                                                                                                                                                        | County Executive will engage the various stakeholders including the County Assembly to enact laws to facilitate the payments.                                                                                | <p>Region Economic Bloc.</p> <ul style="list-style-type: none"> <li>• The law under which the payment was made was not provided for audit.</li> </ul>                                                                                                                                                               | the Lake Region Economic Bloc be stopped and further recommends the surcharge of any the Accounting Officer who authorizes and continues to make the irregular contribution.                                                                                                                                                                                            |
| County Scholarship Programmes | <ul style="list-style-type: none"> <li>• Kshs.120,000,000 was transferred to the Migori County Ward Development Fund for bursaries. Further, Kshs.23,101,400 was spent under Inua Elimu scholarship programme. However, there were no regulations and scholarship policy used in identifying the beneficiaries.</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the regulations and policy have been submitted to the Cabinet for consideration.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.120,000,000 was transferred to the Migori County Ward Development Fund for bursaries.</li> <li>• Kshs.23,101,400 was spent under Inua Elimu scholarship programme.</li> <li>• no regulations and scholarship policy used in identifying the beneficiaries.</li> </ul> | <p>The Committee recommends that the</p> <ol style="list-style-type: none"> <li>1. County Executive in conjunction with the County Assembly urgently develops and implements regulations for the efficient administration of the Inua Elimu Scholarship Programme, alongside a comprehensive scholarship and bursary policy; the policy should include clear</li> </ol> |

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|  |  |  |  | <p>guidelines for identifying and awarding beneficiaries to ensure transparency, fairness, and value for money in the management of educational support programs, well-defined eligibility criteria, standardized application procedures, and a robust vetting process to prevent irregularities and ensure that funds are allocated to deserving students; and</p> <p>2. the County Executive should establish a monitoring and evaluation framework to track the disbursement and impact of</p> |
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|  |  |  |  | scholarships and bursaries, while conducting regular audits to ensure compliance with the policy and provide a status update to the Office of the Auditor General within sixty (60) days from the adoption of this report. |
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#### Regularity of Procurements and Award of Contracts-Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets amount of Kshs.1,968,670,681 as disclosed in Note 7 to the financial statements. However, review of financial statements and records relating to procurements and contract management revealed the following unsatisfactory matters:

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| Inadequate Allocation of Funds for Major Road Works | <ul style="list-style-type: none"> <li>Kshs.51,008,304 was spent on construction of roads out of which, Kshs.7,975,046 was in respect of a contract for the maintenance /opening of 29.9 km Osiri-Macalder-Migori-Migori-Slaughter-Magina-</li> </ul> | <ul style="list-style-type: none"> <li>The management wishes to state that In the Fy 2023/24, the Department procured for the maintenance of Osiri-Macalder-Migori-Migori-Slaughter-Magina-Nyasare Ochieng Orwa Primary Road at a cost of Kshs.7,975,046. The scope of works under the contract was grading of the carriageway, side slope and</li> </ul> | <ul style="list-style-type: none"> <li>Several patches of the road that were impassable and compacted to form a camber formation as were provided in the Bill of Quantities.</li> <li>the drainage works were not done due to inadequate funds.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The County Executive establishes a project management and monitoring System to help in proper project</li> </ol> |
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Nyasare Ochieng Orwa Primary Road. The project start date was 28 February, 2024 with a completion period of 120 days. However, physical verification of the project on 10 September, 2024 revealed that although the contractor provided the murram, spread and graded on several patches of the road that were impassable and compacted to form a camber formation as were provided in the Bill of Quantities, the drainage works were not done due to inadequate funds.

back slope, gravel improvement to impassable road sections and limited drainage works. The total length of the project road was 29.9 km. The available resources could only do limited number of drainages works as was confirmed during the field site visits while at the same time ensuring that the project road was in passable state to the members of the public. The road was completed and is currently in use. Several sections have been planned for drainage improvement in the current Fy 2024/2025.

conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a



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|                                                                                                                           |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                   | <p>budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
| <p>Unexplained Contract Variations and Delayed Project Completion - Maternity Theater at Macalder Sub-County Hospital</p> | <ul style="list-style-type: none"> <li>• Kshs.389,145,106 was spent on construction of buildings out of which Kshs.3,579,702 was spent towards the construction of the maternity theater at Macalder Sub-County Hospital. The contract for the project was signed</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the hospital committee changed the structural work of the building after the construction works had begun resulting to variations on the Bills of Quantities. The entire structure was proposed to be brought down and a new structure was raised from</li> </ul> | <ul style="list-style-type: none"> <li>• The proposed variations were not quantified to assess how they would impact project cost and completion period.</li> <li>• Physical verification conducted in the month of September, 2024, revealed that the</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely</p>                                                       |



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|  | <p>on 25 March, 2024 and the expected completion date was 25 July, 2024. On 28 March, 2024, three days after signing the contract, the project implementation committee proposed variations of works. The proposed variations were not quantified to assess how they would impact project cost and completion period. Further, physical verification conducted in the month of September, 2024, revealed that the project was incomplete.</p> | <p>the slab level including the floor slab hence variation of works.</p> | <p>project was incomplete.</p> | <p>completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> |
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|                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                            | 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.                                                                                                                                                                                                                                                                                             |
| Supply, Installation and Commissioning of Containers Fish Collection Centre (Cold Rooms) | <ul style="list-style-type: none"> <li>The County Executive entered into a contract with a local Company on 1 March, 2024, for the supply, installation and commissioning of two (2) containers fish collection centres (cold rooms) at Uriri and Isibania markets at a contract sum of Kshs.9,981,023. The project included installation of two containers, freezers, elevated water tank, solar panels and construction of a toilet. The contract period was 120 days from the commencement date</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the contractor completed the works as per the Bills of quantity. The only works remaining for the cold rooms to be operational is Water connection, which the County had applied for meter with MIWASCO.</li> </ul> | <ul style="list-style-type: none"> <li>Physical verification carried out on 16 September, 2024 revealed that the project was not complete at the two project sites.</li> <li>Management has indicated that the project has since been completed and has provided photos which do not clearly show that the project is complete.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management</li> </ol> |

of 1 March, 2024 with a completion date of 30 June, 2024. Physical verification carried out on 16 September, 2024 revealed that the project was not complete at the two project sites. Management has indicated that the project has since been completed and has provided photos which do not clearly show that the project is complete.

(County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

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

#### Incomplete Projects - Market Sheds



|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>Construction of Kwiriba Market Shed</p> | <ul style="list-style-type: none"> <li>• Kshs.1,173,502 was paid in relation to a contract signed on 26 May, 2023 to construct Kwiriba Market Shade to completion at a contract sum of Kshs.1,173,502. However, physical verification on 10 September, 2024 revealed that the project was incomplete. Further, the market was not branded with the County Executive's logo, the floor of the whole market was peeling off, the toilet door had been vandalized at the market and the market was not fenced, hence prone to vandalism.</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the current design of shelves on one side and another side open is what was envisioned and therefore the works were completed as per the Bill of Quantities. In addition, the market shed has been in use for 3 years since its completion in the year 2021 and this has occasioned the peeling off of the floor. On vandalism, market committee has been tasked with ensuring security of the booths and items within the market. Further, under the community projects, the market is marked for renovation on the areas that have been identified including replacing of the toilet door and building stalls around Kwiriba market in FY 2024-25.</li> </ul> | <ul style="list-style-type: none"> <li>• Physical verification on 10 September, 2024 revealed that the project was incomplete.</li> <li>• The market was not branded with the County Executive's logo, the floor of the whole market was peeling off, the toilet door had been vandalized at the market and the market was not fenced, hence prone to vandalism.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</li> </ol> |
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| Completion of Masaba Market Shed | <ul style="list-style-type: none"> <li>• Kshs.1,999,991 was paid for the construction of Masaba market shed to completion at a contract sum of Kshs.1,999,991.</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the market has been marked for renovation in the current financial year and budgeted for in the FY 2024/2025.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.1,999,991 was paid for the construction of Masaba market shed to completion at a contract sum of Kshs.1,999,991.</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and</p>                                                                                                                                                                                                                                                                  |



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|  | <p>However, physical verification on 10 September, 2024 revealed that the project was incomplete. In addition, the market was not branded with the County logo, drainage system was not done and the market was not secured, hence prone to vandalism.</p> |  | <ul style="list-style-type: none"> <li>• Physical verification on 10 September, 2024 revealed that the project was incomplete.</li> <li>• the market was not branded with the County logo, drainage system was not done and the market was not secured, hence prone to vandalism.</li> </ul> | <p>monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion</p> |
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| Partial Completion of Midoti Market Shed | <ul style="list-style-type: none"> <li>Kshs.1,099,239 was paid for the partial completion of Midoti Market Shed at a contract sum of Kshs.1,099,239. However, physical verification on 10 September, 2024 revealed that the project was incomplete as the drainage system, stalls tops and doors</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the market has been marked for completion in the current financial year and budgeted for in the FY 2024/2025.</li> </ul> | <ul style="list-style-type: none"> <li>Kshs.1,099,239 was paid for the partial completion of Midoti Market Shed at a contract sum of Kshs.1,099,239.</li> <li>physical verification on 10 September, 2024 revealed that the project was incomplete as the drainage system, stalls tops and doors had not been done.</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as</p> |

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|  | <p>had not been done. Further, the market was not branded with the County Executive's logo. In addition, the market was not secured, hence prone to vandalism and there was no toilet.</p> |  | <ul style="list-style-type: none"> <li>The market was not secured, hence prone to vandalism and there was no toilet.</li> </ul> | <p>realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view</p> |
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|                          |                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                             | and provide a status update to the Committee in the subsequent audit cycle.                                                                                                                                                                                                                                                                                                                                      |
| Other Incomplete Markets | <ul style="list-style-type: none"> <li>• Kshs.21,614,695 was spent in respect of a contracts for the construction of nine (9) market projects with contract sums totalling Kshs.21,614,695. However, physical verification revealed that the contractors were not on sites and the projects were not complete as indicated below:</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that due to the limited resource envelopes the markets were done partially in accordance with the bills of quantities and within the available budgets. Going forward the County Executive will provide funds for the completion of the above markets.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.21,614,695 was spent in respect of a contracts for the construction of nine (9) market projects with contract sums totalling Kshs.21,614,695.</li> <li>• Physical verification revealed that the contractors were not on sites and the projects were not complete.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management</li> </ol> |



|  | Project name          | Ward                              | Initial Contract Sum (Kshs.) | Outstanding Works     |  |  | <p>(County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
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|  | Opapo Auction Ring    | East Kamagamba                    | 1,151,882                    | Fencing               |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Oyani Masai Market    | East Kanyamkago                   | 2,500,000                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Mabera Market         | Masaba                            | 1,983,103                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Masangora Market      | Gokehara ka/Getambwega Kuria East | 2,500,000                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Kugitimo Market Shade | Nyabasi East & Kuria East         | 2,100,000                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Maeta Market Shade    | Nyabasi East & Kuria east         | 3,379,764                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Ikerege Market        | Kuria West                        | 2,500,000                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | Olasi Market Shade    | Kaler Ward                        | 3,499,946                    | Worktops and latrines |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



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|                      | Rongo Market                                                                                                                                                  | North Kamagamba    | 2,000,000                                                                                                                                                         | Worktops and latrines |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | <b>Total</b>                                                                                                                                                  |                    | <b>21,614,695</b>                                                                                                                                                 |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
| Un-Utilized Projects | Kshs.7,925,086 was spent on construction of four (4) market sheds and one (1) toilet/washroom at contract sums totalling Kshs.19,006,635 as summarized below: |                    | <p>The management noted the auditor's observation and wishes to state that the department has planned for commissioning of the markets in this financial year</p> |                       | <p>The management reported the planned for commissioning of the markets in this financial year.</p> <p><b>Not Addressed</b></p> |  | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government)</p> |
|                      | <b>Name of Project</b>                                                                                                                                        | <b>Cost (Kshs)</b> |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | Completion of Ombo Kowiti Market Shed                                                                                                                         | 3,3                |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | Completion of Bande Market Shed                                                                                                                               | 4,5                |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | Completion of Ndiwa Market Shed                                                                                                                               | 4,7                |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | Completion of Oyora Market Shed                                                                                                                               | 2,9                |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |
|                      | Construction of Waterborne Toilet/Washing Room                                                                                                                | 3,2                |                                                                                                                                                                   |                       |                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                           |

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|                                                                                                                                                                             | <div>Total</div>                          | <div>19,006,635</div>                                           | <div>7,925,086</div>                      |                                | <div>Regulations, 2015 within 60 Days from the date of adoption of this report.</div> <div>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</div> <div>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</div> |
| However, physical verification on 10 September, 2024 revealed that the constructions of the projects had been completed, but the projects were not in use by the community. |                                           |                                                                 |                                           |                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Rehabilitation of Kaknene Dam –                                                                                                                                             | <div>• The County Executive entered</div> | <div>• The management noted the auditor’s observation and</div> | <div>• The County Executive entered</div> | The Committee recommends that; |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| Under FLLoCA Program | <p>into a contract with a company for the rehabilitation of Kaknene Dam in God Jope Ward at a contract sum of Kshs.6,992,032.</p> <p>The project was one of the projects implemented under the Financing Locally-Led Climate Action (FLLoCA) program. The contract entailed rehabilitation of the dam, repair of embankment and spillway, fencing, intake tower and valve chamber, two lockable bathrooms/toilets and cattle watering troughs. The contract period was 120 days beginning on 18 March, 2024 and ending on 17 July, 2024. No</p> | <p>wishes to state that the contractor was not able to complete within the workplan due to unforeseen circumstance. However, the project has since been completed</p> | <p>into a contract with a company for the rehabilitation of Kaknene Dam in God Jope Ward at a contract sum of Kshs.6,992,032.</p> <ul style="list-style-type: none"> <li>• No payments had been made to the contractor during the year under review.</li> <li>• Physical verification in September, 2024 revealed that the project was not complete despite the contract period having lapsed.</li> </ul> | <ol style="list-style-type: none"> <li>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</li> <li>2. The Office of the County Governor to prioritize</li> </ol> |
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|                                   | <p>payments had been made to the contractor during the year under review. Physical verification in September, 2024 revealed that the project was not complete despite the contract period having lapsed. The outstanding works include clearing excavated soil, piping and access culverts.</p> |                                                                                                                                                                                                                               |                                                                                                                                                                                                                                  | <p>completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
| Ablution Block Project Not in Use | <ul style="list-style-type: none"> <li>• Kshs.2,975,489 was spent on construction of ablution block at Rongo Sub-County Hospital. However, physical verification conducted in the month of</li> </ul>                                                                                           | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the handing over of the ablution block in Rongo Sub County Hospital has been done and now in use.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.2,975,489 was spent on construction of ablution block at Rongo Sub-County.</li> <li>• physical verification conducted in the month of September, 2024 revealed that the</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project</p>                                                                                                                                                                   |



September, 2024 revealed that the ablution block was complete but not in use, awaiting handing over by the contractor. Management has indicated, without providing evidence, that the project has since been handed over and is in use.

ablution block was complete but not in use.

- Management has indicated, without providing evidence, that the project has since been handed over and is in use.

conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General



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|                                         |                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                              | <p>within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p>                                                                                                                  |
| Face-lifting Awendo Sub-County Hospital | <ul style="list-style-type: none"> <li>• Kshs.4,983,070 was spent on the face lifting of Awendo Sub-County Hospital. However, physical verification conducted in the month of September, 2024 revealed that the project was incomplete with no work done at the Maternal and Child Health (MCH) block, despite being in the bill of</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor's observation and wishes to state that the new Maternity and Child Block building is done through partnership agreement with Safaricom Foundation. The Safaricom foundation would do the building at a cost of Kshs 50million and the County Government would equip the facility at a cost of Kshs 10million in the current Financial Year. Construction of the building is ongoing.</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.4,983,070 was spent on the face lifting of Awendo Sub-County Hospital.</li> <li>• physical verification conducted in the month of September, 2024 revealed that the project was incomplete with no work done at the Maternal and Child Health (MCH) block, despite being in the bill of quantities.</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the</p> |

quantities.  
Management has explained that the projected cost of doing the maternity wing was diverted to cover the part of cost of roofing wards and ceiling since there is a projected new maternity and child block to be constructed at the hospital in the current Financial Year, but did not provide details including approval of the new project.

Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

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

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| Proposed Construction of Maternity Block at Olasi Dispensary | <ul style="list-style-type: none"> <li>Kshs.4,796,200 was spent on construction of a maternity block at Olasi Dispensary. The contract agreement was signed on 29 February, 2024 for a period of one hundred and twenty (120) days, at a contract sum of Kshs.4,796,200. However, the Bill of Quantities and the certificate of practical completion were not provided for audit. Further, from the photos of the project provided for audit, it was not possible to determine that the</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and provides the bills of quantities and certificate of practical completion for the dispensary for audit review.</li> </ul> | <ul style="list-style-type: none"> <li>Kshs.4,796,200 was spent on construction of a maternity block at Olasi Dispensary.</li> <li>The Bill of Quantities and the certificate of practical completion were not provided for audit.</li> <li>The building was not labeled.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015</li> </ol> |

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|                                            | <p>project was complete, since construction materials are visible in the one of the photos. In addition, the building was not labeled.</p> |                                                                                                                                      |                                                                                                         | <p>within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
| <p>Unsupported Completion of Project -</p> | <ul style="list-style-type: none"> <li>• Kshs.1,300,603 was spent on phase 1-construction of</li> </ul>                                    | <ul style="list-style-type: none"> <li>• The management noted the auditor’s observation and wishes to state that this was</li> </ul> | <ul style="list-style-type: none"> <li>• Kshs.1,300,603 was spent on phase 1-construction of</li> </ul> | <p>The Committee recommends that;</p>                                                                                                                                                                                                                                                                                                                                                                                                      |



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| Construction of Buembu Dispensary | <p>Buembu Dispensary. The contract agreement was signed on 8 June, 2023 for a period of one hundred and twenty (120) days, at a contract sum of Kshs.1,300,603.</p> <p>However, the photos provided to support completion of the project are those of a building under construction and have no label.</p> | <p>a phased works and Phase 1 of the project was completed in accordance with the BQ. The Phase 11 of the project has been planned for the FY 2024/2025 budget.</p> | <p>Buembu Dispensary.</p> <ul style="list-style-type: none"> <li>The photos provided to support completion of the project are those of a building under construction and have no label.</li> </ul> | <ol style="list-style-type: none"> <li>The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</li> <li>The Office of the County Governor to prioritize completion of</li> </ol> |
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|                                               |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                      | <p>existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
| Unsupported Completion of Nyamware Dispensary | <ul style="list-style-type: none"> <li>Kshs.1,132,972 was spent on the construction of Nyamware Dispensary. The contract was signed on 22 February, 2024 for a period of one hundred and twenty (120) days, at a contract sum of</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that this was a phased works and the phase 1 of the project was completed in accordance with the BQ. The Phase 11 of the project has been planned for in the FY 2024/2025 Budget</li> </ul> | <ul style="list-style-type: none"> <li>Kshs.1,132,972 was spent on the construction of Nyamware Dispensary.</li> <li>The contract was signed on 22 February, 2024 for a period of one hundred and twenty (120) days, at a</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization,</p>                                                                                                                                  |

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|  | <p>Kshs.1,132,972. However, the photos provided to support completion of the project have no label, and it has not been possible to determine from them if the project is complete.</p> | <p>Annex 12(a): Bills of quantities<br/>Annex 12(b): Budget Extract</p> | <p>contract sum of Kshs.1,132,972.</p> <ul style="list-style-type: none"> <li>• The photos provided to support completion of the project have no label, and it has not been possible to determine from them if the project is complete.</li> </ul> | <p>planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of</p> |
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|                                                             |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                            | <p>the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p>                                                                                                                                                   |
| <p>Projects Not in Use – Department of Medical Services</p> | <ul style="list-style-type: none"> <li>• Kshs.999,640 was utilized to purchase a dental equipment which was supplied to Rongo Sub-County Hospital. However, audit inspection conducted in September, 2024 revealed that the equipment was not in use because the facility lacked a dentist.</li> <li>• Further, Kshs.3,998,955 was spent on the</li> </ul> | <ul style="list-style-type: none"> <li>• The management noted the auditor’s observation and wishes to state that the mortuary building is complete and awaiting fitting of the new machines and equipment necessary to operationalize the new mortuary unit. The department has budgeted for equipment in the Supplementary budget of FY 2024/2025.</li> </ul> <p>Further, the management would like to clarify that the dental unit in Rongo Sub County Hospital is not in use because the Migori Public Service Board was not</p> | <ul style="list-style-type: none"> <li>• Kshs.999,640 was utilized to purchase a dental equipment which was supplied to Rongo Sub-County Hospital.</li> <li>• Audit inspection conducted in September, 2024 revealed that the mortuary was not being utilized because it had not been equipped.</li> </ul> | <p>The Committee recommends that;</p> <p>1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance</p> |

|  |                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                    |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|  | <p>expansion of the mortuary at Migori County Referral Hospital. However, audit inspection conducted in September, 2024 revealed that the mortuary was not being utilized because it had not been equipped.</p> | <p>operational due to protracted court case and as a result could not recruit specialists needed to run the machinery. Budgetary allocation for the recruitment of a dental specialist is in place.</p> <p>Annex 13: Budget Extract for recruitment of dentist</p> |  | <p>Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the</p> |
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|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                          | subsequent audit cycle.                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| Bongu Raga Water Project | <ul style="list-style-type: none"> <li>Kshs.25,999,880 was spent on a contract for the construction of the main water kiosks, and distribution pipelines at Bongu Raga Water Project Phase 4 at a cost of Kshs.24,999,880. The contract period was 120 days from 13 March, 2024 to 12 July, 2024. The costs of Phase 1 to 3 totalled Kshs.34,350,000 resulting to the total cost of the project to Kshs.59,349,880. However, physical verification conducted in the month of September, 2024 revealed that the</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that the works at the project is still ongoing and all the defects are being corrected. The payment will be done upon completion and certification of completion issued.</li> </ul> | <ul style="list-style-type: none"> <li>Kshs.25,999,880 was spent on a contract for the construction of the main water kiosks, and distribution pipelines at Bongu Raga Water Project Phase 4 at a cost of Kshs.24,999,880.</li> <li>Physical verification conducted in the month of September, 2024 revealed that the project was incomplete.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015</li> </ol> |

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|  | <p>project was incomplete. The pipes were not connected end-to-end because testing was yet to be completed. In addition, the lake had already destroyed the foundation of the control room at the water intake and the structure was being submerged in the lake.</p> |  |  | <p>within 60 Days from the date of adoption of this report.</p> <p>2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |
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#### REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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| Officers without Job Designations | <ul style="list-style-type: none"> <li>Review of the Integrated Payroll and Personnel Database (IPPD)</li> </ul> | <ul style="list-style-type: none"> <li>The management noted the auditor's observation and wishes to state that amongst the list, were forty</li> </ul> | <ul style="list-style-type: none"> <li>Forty-four (44) officers job designations were</li> </ul> | <p>The Committee recommends that;</p> <p>1. the County Public Service</p> |
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|  | records for the month of June, 2024, revealed forty-four (44) officers whose job designations were not defined in the database. | ward administrators who have since been re-designated to the position of Principal Administrative Officers under the new schemes of service for administrative officers in the entire Public Service. This was after the County Executive reached out to State Department for Public Service Management and was guided to issue the staff with the new designations. The board is yet to re-designate the four office messengers. | not defined in the database. | Board immediately addresses the issue of undefined job designations for the forty-four (44) officers in the Integrated Payroll and Personnel Database (IPPD) by updating and accurately defining their roles in alignment with the County's staff establishment and organizational structure; and<br>2. Further, the County Public Service Board should implement a robust review |
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|  |  |  |  | <p>mechanism to regularly verify and update IPPD records, ensuring that all staff designations are clearly defined and accurately reflected and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.</p> |
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE  
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF MOMBASA COUNTY EXECUTIVE FOR  
THE FINANCIAL YEAR 2023/2024**

**Basis of Qualified Opinion**

| SUMMARY OF UNRESOLVED ISSUES                       |                                                                                                                                                                                  |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                |                                            |                                                                                                                                                                                                           |                                                         |
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| Audit Query                                        | Audit Findings                                                                                                                                                                   | Key issue                                                                                                                                                                                                                               | Management Response                                                                                                                                                                                                            | Committee Observations                     | Committee Recommendations                                                                                                                                                                                 | Timelines                                               |
| <b>2. Inaccuracies in the Financial Statements</b> | Section 47(2) of the Public Audit Act, 2015 states that the financial statements shall be in the form and content as prescribed by the Public Sector Accounting Standards Board. | <ul style="list-style-type: none"> <li>Erroneous classification of retention moneys of Kshs 11,643,945 and Kshs. 22,057,499 as construction and civil works, and other payments respectively</li> <li>Expenditure for street</li> </ul> | <ul style="list-style-type: none"> <li>The amounts of Kshs.11,643,945 and Kshs.22,057,499 represent retention funds that have not yet been disbursed. The transfer from development account to deposit account is a</li> </ul> | Soft copy of the liabilities not provided. | The Committee recommends that;<br>8. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |                |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                   |                        |                                                                                                                                                                                                                                                                                                                       | Timelines |
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| Audit Query                  | Audit Findings | Key issue                                                                                                                                                                                                                                                                                                | Management Response                                                                                                                                                                                                                                                                                                               | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                             |           |
|                              |                | <p>lighting amount of Kshs. 13,744,900 was erroneously classified as office furniture and equipment instead of civil works.</p> <ul style="list-style-type: none"> <li>Expenditure of Kshs. 53,025,925 on consultancy services for design development and implementation of automated revenue</li> </ul> | <p>movement within the entity not an expenditure.</p> <ul style="list-style-type: none"> <li>The classification of Kshs 13,744,900 was in accordance with the approved chart of accounts and the financial systems budget structure.</li> <li>The payment of Kshs. 53,025,925 was made in the current financial period</li> </ul> |                        | <p>audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>9. The Office of the County Governor undertakes administrative action against the accounting</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                               |                        |                                                                                                                                                                                                                                                                                                                     |           |
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| Audit Query                  | Audit Findings | Key issue                                                                                                                                                                                                                                                                                               | Management Response                                                                                                                                                                                                                                                                                                                                                           | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                           | Timelines |
|                              |                | <p>generation and management system and county institutional ICT integration was erroneously charged under specialized materials while it relates to prior year invoices</p> <ul style="list-style-type: none"> <li>Note 9 discloses contingent liabilities of Kshs. 8,694,660,198. However,</li> </ul> | <p>irrespective of when the invoices were issued. This aligns with IPSAS Cash Basis of accounting.</p> <ul style="list-style-type: none"> <li>Contingent Liability of Kshs. 8,694,660,198 were disclosed in Note 9 as per the reporting requirement. IPAS Cash Basis does not require such liabilities to be recorded as expenditure until actual payment is done.</li> </ul> |                        | <p>officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report;</p> <p>10. The Institute of Certified Public Accountants (ICPAK) takes</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |                                                                                                                                                                               |                                     |                        |                                                                                                                                                                                                                                                                              |           |
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| Audit Query                  | Audit Findings | Key issue                                                                                                                                                                     | Management Response                 | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                    | Timelines |
|                              |                | the contingent liability register under Annex 6 did not provide liabilities detail on nature, to whom payable, estimate amount and payment dates as required by the template. | Soft copy of contingent liabilities |                        | action(s) against the Head of Treasury for late submission of financial statements which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of the adoption of this report; and |           |



| SUMMARY OF UNRESOLVED ISSUES |                                        |                                                                                          |                                                                                                      |                        |                                                                                                                                                                                                                                             |           |
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| Audit Query                  | Audit Findings                         | Key issue                                                                                | Management Response                                                                                  | Committee Observations | Committee Recommendations                                                                                                                                                                                                                   | Timelines |
|                              |                                        |                                                                                          |                                                                                                      |                        | 11. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the prescribed timelines. |           |
| <b>3. Unexplained Voided</b> | Regulation 10(1) of the Public Finance | <ul style="list-style-type: none"> <li>The County Executive voided a total of</li> </ul> | <ul style="list-style-type: none"> <li>The County Executive did not receive the June 2024</li> </ul> | No evidence provided   | The Committee recommends that;                                                                                                                                                                                                              |           |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                |                        |                                                                                                                                                                                                                                                                                                   |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                               | Key issue                                                                                                                                                                                                              | Management Response                                                                                                                                                                                                                                                            | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                         | Timelines |
| <b>Transactions</b>          | Management (County Governments) Regulations, 2015, states, “A request to the Controller of Budget by a County Treasury for approval for withdrawal of funds from the County Revenue Fund shall be made in Requisition Form A as prescribed in the Schedule, accompanied by (b) a record from Central Bank of | Kshs.921,081,477 invoices which had been uploaded for payment. Included in the expenditure is an amount of Kshs.412,966,431 being payment requests towards suppliers and statutory deductions which were later voided. | disbursement of Kshs. 628,921,902, along with an under-realization of own-source revenue amounting to Kshs.1,398,598,701, significantly impacted the implementation of budgeted programs and activities. The voiding was to allow for payments backed by availability of funds |                        | 9. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report;<br>10. The Office of the County |           |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                            |                                                                                                                                                                                              |                     |                        |                                                                                                                                                                                                                                                                                                             |           |
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| Audit Query                  | Audit Findings                                                                             | Key issue                                                                                                                                                                                    | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                   | Timelines |
|                              | Kenya of payments awaiting funding;<br><ul style="list-style-type: none"> <li>•</li> </ul> | However, the voided payment vouchers, requests to void payments, the National Treasury approval and Exchequer requisitions from the Controller of Budget were not provided for audit review. |                     |                        | Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds;<br>11. Within six months of adoption of this report the CS National Treasury to |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                                                             |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                   | Timelines |
|                              |                |           |                     |                        | <p>ensure IFMIS reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved; and</p> <p>12. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.</p> |           |



| SUMMARY OF UNRESOLVED ISSUES                                  |                |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                |                                                                |
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| Audit Query                                                   | Audit Findings | Key issue                                                                                                                                                                                                                                                                                                            | Management Response                                                                                                                                                                                                                                                                                                             | Committee Observations                                                                                                                                                                                                                             | Committee Recommendations                                                                                                                                                                                                                                                                      | Timelines                                                      |
| <b>3.Unsupported Balances</b>                                 |                |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                |                                                                |
| <b>3.1 Unexplained Variances in Cash and Cash Equivalents</b> |                | <b>Variances Between Cash Book Balance and Reported Bank Balance.</b> <ul style="list-style-type: none"> <li>Mombasa County Deposit had a variance of Kshs. 62,666,426</li> <li>Mombasa County Primary Health Care Account had a variance of Kshs. 1,919,261</li> <li>Mombasa County Universal Health had</li> </ul> | <p>The variance resulted from payments made after 30th June 2024, while the bank certificate balance reflects the position as of 30th June 2024. This discrepancy arose because the May 2024 disbursement was transferred to the County Revenue Fund Account on 26th June 2024. Additionally, the National Treasury allowed</p> | <p>1.Reconciled cashbook balances should be the reported cash balances on the financial statements.</p> <p>2. Mombasa County A/C 1000437723 the sum of the unrepresented cheques and the reconciling figure had a variance of Kshs. 14,733,504</p> | <p>The Committee recommends that;</p> <p>4. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide the documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management</p> | <p>within sixty (60) days from the adoption of this report</p> |

| SUMMARY OF UNRESOLVED ISSUES |                |                                                                                                                                                                                                                                                                                                            |                                                                                                                                                    |                                                     |                                                                                                                                                                                                                                                                                                                 |           |
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| Audit Query                  | Audit Findings | Key issue                                                                                                                                                                                                                                                                                                  | Management Response                                                                                                                                | Committee Observations                              | Committee Recommendations                                                                                                                                                                                                                                                                                       | Timelines |
|                              |                | <p>a variance of Kshs. 30,048,638</p> <p><b>Variances Between Bank Reconciliation Statement and Certificate of Bank Balances</b></p> <ul style="list-style-type: none"> <li>• CBK Deposit Account had a variance of Kshs 24,413,947.20</li> <li>• CBK Recurrent Account had a variance of Kshs.</li> </ul> | <p>an extension for fund requests from the Office of the Controller of Budget to cover expenses and prevent the accumulation of pending bills.</p> | <ul style="list-style-type: none"> <li>•</li> </ul> | <p>Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>5. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |                                                                                                                                                                                                                |                     |                        |                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Audit Findings | Key issue                                                                                                                                                                                                      | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                          | Timelines |
|                              |                | <p>(493,724,054.60)</p> <ul style="list-style-type: none"> <li>• CBK Development had a variance of Kshs. 66,530,565.15</li> <li>• CBK – THS Universal Health had a variance of Kshs. (6,221,185.15)</li> </ul> |                     |                        | <p>with the National Treasury within 60 days of adoption of this report;</p> <p>6. The EACC causes an investigation into the possible loss of public funds</p> <p>7. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                           |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                         |                                                                                               |                                                                     |                                                                                                                                                                                                                                                                                                        |                                                         |
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| Audit Query                                            | Audit Findings                                                                                                                                                                                                                                                               | Key issue                                                                                                                                                                                               | Management Response                                                                           | Committee Observations                                              | Committee Recommendations                                                                                                                                                                                                                                                                              | Timelines                                               |
| <b>3.2 Unsupported Domestic Travel and Subsistence</b> | Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate | Expenditures on domestic travel and subsistence amounting to Kshs.17,039,960 were not supported with attendance schedules, back to office reports on benchmarking and acknowledgment of money received. | The supporting documentation is hereby availed. Attendance Schedules & Back to Office Reports | Attendance schedules and acknowledgment receipts were not provided. | The Committee recommends that;<br>3) The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides | within 60 days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |                              |           |                     |                        |                                                                                                                                                                                                                                                                                 |           |
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| Audit Query                  | Audit Findings               | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                       | Timelines |
|                              | authority and documentation. |           |                     |                        | <p>a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>4) The recovery of the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments)</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                              | Timelines |
|                              |                |           |                     |                        | Regulation;<br>and<br>5) The Committee further recommends the sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government)<br>Regulations, 2015 within 60 days from the date of |           |

| SUMMARY OF UNRESOLVED ISSUES                                |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                              |                                                               |                                                                                                                                                                                                                                                                                            |                                                                |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Audit Query                                                 | Audit Findings                                                                                                                                                                                                                                                                | Key issue                                                                                                                                                                                                                                                                    | Management Response                                                                                                                                                                                                                                                                                                          | Committee Observations                                        | Committee Recommendations                                                                                                                                                                                                                                                                  | Timelines                                                      |
|                                                             |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                              |                                                               | adoption of this report.                                                                                                                                                                                                                                                                   |                                                                |
| <b>4. Long Outstanding Bank Reconciliation Transactions</b> | Regulation 90(1) of the Public Finance Management (County Governments) Regulations, 2015 requires that; (1) Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank | <ul style="list-style-type: none"> <li>Bank reconciliation statements excluded balances of deposit bank account, recurrent bank account and development bank account were long outstanding payments in cash book but not yet recorded in bank of Kshs.35,736,235,</li> </ul> | <ul style="list-style-type: none"> <li>The amended cashbook, incorporating the necessary adjustments, has been availed to align with the bank reconciliation. The delay in reversing these transactions was due to extended reconciliation processes, which required thorough verification to ensure accuracy and</li> </ul> | <p>No Evidence Attached</p> <p><b>Issue not Addressed</b></p> | <p>The Committee recommends that;</p> <p>1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management</p> | <p>within sixty (60) days from the adoption of this report</p> |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                      |                                                                                                                                                        |                                                           |                        |                                                                                                                                                                                                                                                                                                                  |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                       | Key issue                                                                                                                                              | Management Response                                       | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                        | Timelines |
|                              | reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General; (3) "Accounting Officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate | Kshs.16,113,894 and Kshs.41,061,070 respectively totalling Kshs.92,911,199 some dating back to August, 2022 and had not been reversed in the cashbook. | avoid erroneous adjustments.<br><br>F - Updated Cashbooks |                        | Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;<br>2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a |           |



| SUMMARY OF UNRESOLVED ISSUES |                                                           |           |                     |                        |                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Audit Findings                                            | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                          | Timelines |
|                              | action taken including updating the relevant cash books”. |           |                     |                        | <p>status update to the Senate within 60 days of adoption of this report;</p> <p>3. The committee recommends that the EACC cause an investigation with the view of initiating prosecuting the accounting officer(s) for failure to reconcile the bank transactions some dating back to August,</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                            |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                  | Timelines |
|                              |                |           |                     |                        | <p>2022 and thus a possible loss of public resources amounting to Kshs.92,911, 199;</p> <p>4. The accounting officer to immediately ensure strict adherence and compliance to the provisions of Regulation 90(1) of the Public Finance Management (County Governments)</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                |                                                                                                                                                                                                              |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                              |                        |                                                                                                                                                                     |            |
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| Audit Query                                 | Audit Findings                                                                                                                                                                                               | Key issue                                                                                                                                                                                                                                     | Management Response                                                                                                                                                                                                                                                                          | Committee Observations | Committee Recommendations                                                                                                                                           | Timelines  |
|                                             |                                                                                                                                                                                                              |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                              |                        | Regulations, 2015 on preparation of bank reconciliation statements.                                                                                                 |            |
| <b>Emphasis of Matter</b>                   |                                                                                                                                                                                                              |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                              |                        |                                                                                                                                                                     |            |
| <b>1. Budgetary Control and Performance</b> | Public Finance Management Act 2012 Section 147(1) states that the accounting officer of an entity shall monitor, evaluate and oversee the management of their public finances, including-(d) ensuring proper | <ul style="list-style-type: none"> <li>The statement of comparison of budget and actual amounts had an underfunding amount of Kshs.4,042,528,105 or 25% of the budget.</li> <li>The County Executive spent an amount of Kshs.11,83</li> </ul> | <ul style="list-style-type: none"> <li>Underfunding (25% shortfall in budgeted vs. actual receipts) delayed disbursement of the exchequer by the National Treasury.</li> <li>Under-Expenditure (1% of actual receipts unspent) funds were received late could not be spent within</li> </ul> |                        | The Committee recommends that:<br>5. The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules | Continuous |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                               |                                                                                                                                          |                       |                        |                                                                                                                                                                                                                                                              |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                                | Key issue                                                                                                                                | Management Response   | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                    | Timelines |
|                              | management and control of, and accounting for, their finances in order to promote the efficient and effective use of budgetary resources. Section 81(2)(iv) of the Public Finance Management Act, 2012, states that the Accounting Officer shall prepare financial statements of an entity and should include | 9,144,461 against actual receipts of Kshs.11,947,471,895 resulting in an under-expenditure of Kshs.108,327,434 or 1% of actual receipts. | the reporting period. |                        | approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and<br>6. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue |           |



| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                              |                                                                                                                                                                                                  |                                                                                                                                                                                                                           |                                                  |                                                                                                                                                                                                     |                                                    |
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| Audit Query                  | Audit Findings                                                                                                                               | Key issue                                                                                                                                                                                        | Management Response                                                                                                                                                                                                       | Committee Observations                           | Committee Recommendations                                                                                                                                                                           | Timelines                                          |
|                              | among other things explanation statement of any variations between the actual expenditure and the sums voted.                                |                                                                                                                                                                                                  |                                                                                                                                                                                                                           |                                                  | target and address revenue shortfalls.                                                                                                                                                              |                                                    |
| <b>2. Pending Bills</b>      | Section 41. (1) of the PFM(CGR) 2015 states that the overall control of county government budget execution shall be exercised through strict | <ul style="list-style-type: none"> <li>Pending bills of Kshs 4,440,572,242 were not supported with signed contracts and invoices.</li> <li>In addition, there was a variance of Kshs.</li> </ul> | <ul style="list-style-type: none"> <li>The variance of Kshs. 8,946,048, this was identified as a mathematical error in the financial statements. The discrepancy has since been reviewed and corrected, and it</li> </ul> | The corrections made were not availed for review | <p>The Committee recommends that:</p> <ol style="list-style-type: none"> <li>All County Government s pay verified pending bills amounting to less than Ksh. 1 billion by the end of this</li> </ol> | <ul style="list-style-type: none"> <li></li> </ul> |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                  |                                                        |                        |                                                                                                                                                                                                                                 |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                                                 | Key issue                                                                                                                                        | Management Response                                    | Committee Observations | Committee Recommendations                                                                                                                                                                                                       | Timelines |
|                              | <p>application of the following general rules, which shall apply to all transactions with the specific exception of debt service payments—</p> <p>(a) aggregate reallocations for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual Appropriations</p> | <p>8,946,048 between pending accounts payables under other important disclosures with pending accounts payables at annex 2 to the financial.</p> | <p>did not impact the actual pending bills figures</p> |                        | <p>financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and</p> <p>2. that-</p> <p>i. pursuant to the provisions of Regulation 41(2) &amp; (3) of the Public Finance Management (County</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                                                 |           |                     |                        |                                                                                                                                                                            |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                                                  | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                  | Timelines |
|                              | <p>Act amended from time to time through budgetary reallocations made pursuant to section 154 of the Act and any supplementary Appropriations Acts enacted under section 135;</p> <p>(b) total payments for a detailed budget line in a given fiscal year may not exceed the reallocations issued against that budget line.</p> |           |                     |                        | <p>Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                      |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                            | Timelines |
|                              |                |           |                     |                        | <p>charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                         |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                               | Timelines |
|                              |                |           |                     |                        | <p>a county government to clear inherited pending bills when approving exchequer releases;</p> <p>iii. County Governments shall only pay pending Bills contained in their respectiv</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                      | Timelines |
|                              |                |           |                     |                        | <p>e<br/>procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public Finance Management (County Governments) Regulations;</p> <p>iv. Supplementary budgets for</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                            |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                  | Timelines |
|                              |                |           |                     |                        | <p>county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates ;</p> <p>v. County governments, in consultati</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                             |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                   | Timelines |
|                              |                |           |                     |                        | on with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                      |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                            | Timelines |
|                              |                |           |                     |                        | <p>projects;<br/>and</p> <p>vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve</p> |           |



| SUMMARY OF UNRESOLVED ISSUES     |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                             |                        |                                                                                                                                                                                                                                   |                                                    |
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| Audit Query                      | Audit Findings                                                                                                                                                                                                                                                                    | Key issue                                                                                                                                                                                                                                  | Management Response                                                                                                                                                                                                                                         | Committee Observations | Committee Recommendations                                                                                                                                                                                                         | Timelines                                          |
|                                  |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                             |                        | the supplementary budgets.                                                                                                                                                                                                        |                                                    |
| OTHER MATTER                     |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                             |                        |                                                                                                                                                                                                                                   |                                                    |
| 2. Unresolved prior year matters | Section 53 (1) of the Public Audit Act, 2015 states that the relevant accounting officer of a state organ or public entity shall within three months after Parliament has considered and made recommendations on the audit report—<br>(a)take the relevant steps to implement the | <ul style="list-style-type: none"> <li>Management has not resolved prior year audit matters or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates</li> </ul> | <ul style="list-style-type: none"> <li>The prior year audit issues have been addressed in line with the auditor's recommendations and are documented in the financial statements. An extract highlighting the progress is attached for reference</li> </ul> |                        | The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by acting on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the | <ul style="list-style-type: none"> <li></li> </ul> |

| SUMMARY OF UNRESOLVED ISSUES                                      |                                                                                                                                                                                                                                       |                                                                                                                                       |                                                                                                                                                                                         |                                                                                                            |                                                                                                                       |                                                         |
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| Audit Query                                                       | Audit Findings                                                                                                                                                                                                                        | Key issue                                                                                                                             | Management Response                                                                                                                                                                     | Committee Observations                                                                                     | Committee Recommendations                                                                                             | Timelines                                               |
|                                                                   | <p>recommendations of parliament on the report of the Auditor-General; or</p> <p>(b) give explanations in writing to the Parliament on why the report has not been acted upon.</p> <ul style="list-style-type: none"> <li></li> </ul> |                                                                                                                                       |                                                                                                                                                                                         |                                                                                                            | adopting this report.                                                                                                 |                                                         |
| REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES |                                                                                                                                                                                                                                       |                                                                                                                                       |                                                                                                                                                                                         |                                                                                                            |                                                                                                                       |                                                         |
| <b>1. Non-compliance with Employment Act</b>                      | <ul style="list-style-type: none"> <li>Section D.21 of the Public Service Commission Human Resource Policies and Procedure Manual, 2016 states that all</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>Retention of (96) persons beyond the mandatory retirement age in the county payroll</li> </ul> | <ul style="list-style-type: none"> <li>Section 80 (2) of the Public Service Act permits employment extension beyond the retirement age.</li> <li>75 officers have exited the</li> </ul> | <ul style="list-style-type: none"> <li>No evidence of the reason for retention or extension was</li> </ul> | The Committee recommends that the County Executive strictly adheres to section 80(1) of the Public Service Commission | within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                       |           |                                                                                   |                        |                                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                        | Key issue | Management Response                                                               | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                          | Timelines |
|                              | officers shall retire from the service on attaining the mandatory retirement age of 60 years, 65 years for persons with disabilities and/or as may be prescribed by the government from time to time. |           | service, with their retirement letters confirming their removal from the payroll. | provided               | Act, 2017, and Section D.21 of the Public Service Commission Human Resource Policies and Procedure Manual, 2016 by ensuring that all officers retire at the mandatory age of 60 years (65 for persons with disabilities) and prohibiting extensions beyond this age unless under exceptional government-prescribed |           |

| SUMMARY OF UNRESOLVED ISSUES                                                |                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                  |                                                                                                                                                                                                |            |
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| Audit Query                                                                 | Audit Findings                                                                                                                                                                                                                                  | Key issue                                                                                                                                                                                                                                                                  | Management Response                                                                                                                                                                                                                                                               | Committee Observations                                                                                                                                                           | Committee Recommendations                                                                                                                                                                      | Timelines  |
|                                                                             |                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                  | circumstances and provide a status update to the Office of the Auditor General within sixty (60) days.                                                                                         |            |
| <b>2. Non-Compliance with the Law on Fiscal Responsibility on Wage Bill</b> | <ul style="list-style-type: none"> <li>Regulation 25(1) of the Public Finance Management (County Government's) Regulations, 2015 provide that in addition to the fiscal responsibility principles set out in section 107 of the Act,</li> </ul> | <ul style="list-style-type: none"> <li>The reported compensation of employees totalling Kshs.6,287,283,596 represented 57% of the County's total revenue receipt of Kshs.10,995,108,827. This was contrary to Regulation 25(1)(a) and (b) of the Public Finance</li> </ul> | <ul style="list-style-type: none"> <li>Due to County Government inheriting employees from the defunct municipal and devolved government agencies who were majorly unskilled therefore necessitating recruitment of skilled personnel to provide the required services.</li> </ul> | <ul style="list-style-type: none"> <li>Management has been able to justify the reasons for noncompliance</li> <li>Measures to ensure future compliance were indicated</li> </ul> | <p>The Committee recommends that-</p> <p>6. the management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates</p> | Continuous |



| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                    |                                                   |                     |                        |                                                                                                                                                                                                                                                                                                                                                          |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                     | Key issue                                         | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                                                                | Timelines |
|                              | the following fiscal responsibility principles shall apply in the management of public finances; (a) the County Executive Committee Member with the approval of the County Assembly shall set a limit on the county Government's expenditure on wages and benefits | Management (County Governments) Regulations, 2015 |                     |                        | <p>that the county wage bill shall not exceed 35 percent of the county's total revenue;</p> <p>7. the county executive puts in place measures to enhance own source revenue collection to address the high wage bill gap; and</p> <ul style="list-style-type: none"> <li>the management should provide to the Auditor General a status report</li> </ul> |           |



| SUMMARY OF UNRESOLVED ISSUES         |                                                                                                                                                                                                                                                           |                                                                                                                          |                                                                                                                                 |                                                                                                |                                                                                                                          |                                                  |
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| Audit Query                          | Audit Findings                                                                                                                                                                                                                                            | Key issue                                                                                                                | Management Response                                                                                                             | Committee Observations                                                                         | Committee Recommendations                                                                                                | Timelines                                        |
|                                      | <p>for its public officers pursuant to section 107(2) of the Act; (b) the limit set under paragraph (a) above, shall not exceed thirty five (35) percent of the county Government's total revenue</p> <ul style="list-style-type: none"> <li>•</li> </ul> |                                                                                                                          |                                                                                                                                 |                                                                                                | <p>of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.</p>     |                                                  |
| <p><b>3. Irregular Promotion</b></p> | <ul style="list-style-type: none"> <li>• Section 149(1) of the Public Finance Management Act, 2012 requires that</li> </ul>                                                                                                                               | <ul style="list-style-type: none"> <li>• County Government records disclosed that sixteen (16) employees were</li> </ul> | <ul style="list-style-type: none"> <li>• The promotions were conducted based on merit and in line with service needs</li> </ul> | <ul style="list-style-type: none"> <li>• Management did not provide the performance</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. Office of the County Governor</li> </ol> | <p>within 60 days of adoption of this report</p> |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                               |                                                                                                       |                     |                                                                                                                                          |                                                                                                                                                                                                                                                                              |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                | Key issue                                                                                             | Management Response | Committee Observations                                                                                                                   | Committee Recommendations                                                                                                                                                                                                                                                    | Timelines |
|                              | an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is; (a) lawful and authorised; and (b) effective, efficient, economical and transparent. | irregularly promoted to more than one job group higher during the year without performance appraisal. |                     | <p>appraisals for the promotions and subsequent promotions for the 16 employees.</p> <ul style="list-style-type: none"> <li>•</li> </ul> | undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor |           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                                     |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                           | Timelines |
|                              |                |           |                     |                        | <p>General within sixty (60) days from the adoption of this report;</p> <p>2. The County Public Service Board to reverse the unlawful promotions, enforce strict compliance with merit-based evaluations and undertake administrative action against the responsible officer(s)</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                                     |                                                                                                                                                                                              |                                                                                                                                                                                                |                                                                                                                                                                                                                                           |                                                                                                                 |                                                                                                                                                        |            |
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| Audit Query                                                      | Audit Findings                                                                                                                                                                               | Key issue                                                                                                                                                                                      | Management Response                                                                                                                                                                                                                       | Committee Observations                                                                                          | Committee Recommendations                                                                                                                              | Timelines  |
|                                                                  |                                                                                                                                                                                              |                                                                                                                                                                                                |                                                                                                                                                                                                                                           |                                                                                                                 | for the irregularities and submit a status update to the Auditor General and the Senate within 60 days of adoption of this report.                     |            |
| <b>4. Non-Compliance with Law on One-Third Basic Salary Rule</b> | <ul style="list-style-type: none"> <li>Public Service Commission Policy Manual Section C.1(3) states public officers shall not over-commit their salaries beyond two thirds (2/3)</li> </ul> | <ul style="list-style-type: none"> <li>Two hundred and thirty-seven (237) employees had overcommitted their salaries and were earning less than one third (1/3) of their basic pay.</li> </ul> | <ul style="list-style-type: none"> <li>The over-commitment of salaries beyond the two-thirds (2/3) threshold was attributed to the following factors; Statutory Deductions (NSSF), Disciplinary Actions and Legal Attachments.</li> </ul> | <ul style="list-style-type: none"> <li>No evidence was provided for the non-compliance with the law.</li> </ul> | <p>The Committee therefore recommends that -</p> <p>4. The County Executive should provide to the Auditor General within sixty (60) Days after the</p> | Continuous |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                     |           |                                                                                                                                                            |                        |                                                                                                                                                                                                                                                                                                                          |           |
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| Audit Query                  | Audit Findings                                                                      | Key issue | Management Response                                                                                                                                        | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                                | Timelines |
|                              | of their basic salaries and Heads of Human Resource Units should ensure compliance. |           | <ul style="list-style-type: none"> <li>These deductions were applied after employees had already committed to third-party financial obligations</li> </ul> |                        | <p>adoption of this report a plan of the measures put in place to mitigate on the issue of non-compliance with the one third of basic salary rule as well as comply with the requirements of Section 19 (3) of the Employment Act 2007.</p> <p>5. The county should configure their IPPD system such that it is able</p> |           |



| SUMMARY OF UNRESOLVED ISSUES              |                                                                                                                                                                    |                                                                                                                                               |                                                                                                                                                                          |                                                                                                      |                                                                                                                                                       | Timelines                                  |
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| Audit Query                               | Audit Findings                                                                                                                                                     | Key issue                                                                                                                                     | Management Response                                                                                                                                                      | Committee Observations                                                                               | Committee Recommendations                                                                                                                             |                                            |
|                                           |                                                                                                                                                                    |                                                                                                                                               |                                                                                                                                                                          |                                                                                                      | to lock out commitments beyond the accepted thresholds; and<br>The Auditor General should continue monitoring the issue in subsequent financial years |                                            |
| <b>5. Irregular Appointment in Acting</b> | <ul style="list-style-type: none"> <li>Section 34 of the Public Services Commission Act, 2017 states that; (3) an officer may be appointed in an acting</li> </ul> | <ul style="list-style-type: none"> <li>Seven (7) employees had acted in various capacities for periods of more than six (6) months</li> </ul> | <ul style="list-style-type: none"> <li>These appointments were formally extended due to; Budget constraints that delayed recruitment or confirmation. Ongoing</li> </ul> | <ul style="list-style-type: none"> <li>No justification was provided for the appointments</li> </ul> | The Committee recommends that the County Public Service Board (CPSB) immediately advertises the vacant                                                | within 60 days of adoption of this report. |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                       |           |                                                      |                        |                                                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                        | Key issue | Management Response                                  | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                      | Timelines |
| <b>Positions</b>             | capacity for a period of at least 30 days but not exceeding a period of six (6) months; (4) a public officer may be assigned to perform duties vested in another public officer during a temporary absence of the other public officer; and (5) an acting appointment under subsection (4) shall- (b) |           | recruitment processes that required additional time. |                        | positions, conducts a transparent and competitive recruitment process, and appoint qualified individuals to fill the positions permanently in compliance with the law to ensure that all acting appointments are regularized within the stipulated timeframe and submit a status update to the |           |

| SUMMARY OF UNRESOLVED ISSUES       |                                                                                                                                                                                               |                                                                                                                                                                                                                           |                                                                                                                                                                                                                                               |                                                                                                                                                               |                                                                                                                                                                     | Timelines                                          |
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| Audit Query                        | Audit Findings                                                                                                                                                                                | Key issue                                                                                                                                                                                                                 | Management Response                                                                                                                                                                                                                           | Committee Observations                                                                                                                                        | Committee Recommendations                                                                                                                                           |                                                    |
|                                    | not undermine the expeditious appointment or deployment of a competent person to the public office concerned.                                                                                 |                                                                                                                                                                                                                           |                                                                                                                                                                                                                                               |                                                                                                                                                               | Auditor General and the Senate within 60 days of adoption of this report.                                                                                           |                                                    |
| <b>6. Avoidable Legal Expenses</b> | <ul style="list-style-type: none"> <li>Regulation 42(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 states that an Accounting Officer shall manage,</li> </ul> | <ul style="list-style-type: none"> <li>The County failed to settle the balance of Kshs.8,113,181 with a motor vehicle sales Company which had accrued decretal sums, costs of the suit and interests totalling</li> </ul> | <ul style="list-style-type: none"> <li>The legal liabilities in question stem from contracts and obligations undertaken by the defunct Municipal Council of Mombasa, further certain cases remained active in court, with disputes</li> </ul> | <ul style="list-style-type: none"> <li>County Government has taken concrete steps to resolve these matters, including; Prioritizing settlements of</li> </ul> | <p>The Committee recommends that the County Executive makes a provision in its budget for contingency liability in respect of legal fees pursuant to regulation</p> | <ul style="list-style-type: none"> <li></li> </ul> |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                         |                                                                                                                                                                                                                                                                         |                                                                              |                                                                                                                                                                                             |                                                                                  |           |
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| Audit Query                  | Audit Findings                                                                                          | Key issue                                                                                                                                                                                                                                                               | Management Response                                                          | Committee Observations                                                                                                                                                                      | Committee Recommendations                                                        | Timelines |
|                              | control and ensure that policies are carried out efficiently and wastage of public funds is eliminated. | <p>Kshs.68,578,169.</p> <ul style="list-style-type: none"> <li>In another case with a contractor, the unpaid amounts have accrued decretal sums, costs of the suit and interest's costs of Kshs.1,239,986 after Management failed to settle the contract sum</li> </ul> | over the validity of claims, which legally constrained immediate settlement. | legally confirmed debts, reviewing historical liabilities to establish a structured payment plan & enhancing legal oversight to prevent recurrence . However, no specific cases were cited. | 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015. |           |



| SUMMARY OF UNRESOLVED ISSUES  |                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                      |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                        |                                                          |
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| Audit Query                   | Audit Findings                                                                                                                                                                                                                                                                                                                      | Key issue                                                                                                                                                                                                                                                                                                                                                                                | Management Response                                                                                                                                                                                  | Committee Observations                                                                                                              | Committee Recommendations                                                                                                                                                                                                                                                                                              | Timelines                                                |
| 8. <b>Incomplete Contract</b> | <ul style="list-style-type: none"> <li>Section 149(1) of the Public Finance Management Act, 2012 states that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is; (a) lawful and authorised; and (b)</li> </ul> | <ul style="list-style-type: none"> <li>The County Executive paid an amount of Kshs18,000,000 for provision of an Integrated Smart City Surveillance System against a contract signed on 04 March 2024 for a contract sum of Kshs.94,044,042, an initial payment of Kshs.18,000,000, being 20% of the contract sum was paid to cover preliminary costs such as presentation of</li> </ul> | <ul style="list-style-type: none"> <li>The procurement process for the equipment is ongoing, and the supplier has been engaged to finalize the necessary documentation and confirmations.</li> </ul> | <ul style="list-style-type: none"> <li>No proper documentation in support was provided</li> </ul> <p><b>Issue not Addressed</b></p> | The Committee recommends that the Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the | within sixty (60) days from the adoption of this report. |



| SUMMARY OF UNRESOLVED ISSUES          |                                                                                                                                                                                                                     |                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                        |                                                                                                                                            |                                                                                                                                                                                                         |                                                          |
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| Audit Query                           | Audit Findings                                                                                                                                                                                                      | Key issue                                                                                                                                                                                                               | Management Response                                                                                                                                                                                                                                                    | Committee Observations                                                                                                                     | Committee Recommendations                                                                                                                                                                               | Timelines                                                |
|                                       | effective, efficient, economical and transparent.                                                                                                                                                                   | survey and mapping report and placing order for equipment, no evidence of order of equipment was provided.                                                                                                              |                                                                                                                                                                                                                                                                        |                                                                                                                                            | Office of the Auditor General within sixty (60) days from the adoption of this report.                                                                                                                  |                                                          |
| 9. Irregular Opening of Bank Accounts | <ul style="list-style-type: none"> <li>Regulation 82(1)(b) of the Public Finance Management (County Government s) Regulations, 2015 requires that all County government bank accounts shall be opened at</li> </ul> | <ul style="list-style-type: none"> <li>The County Executive held three (3) commercial bank accounts, contrary to Regulation 82(1)(b) of the Public Finance Management (County Governments) Regulations, 2015</li> </ul> | <ul style="list-style-type: none"> <li>All accounts are maintained strictly for their designated purposes. The Standard Bank account remains under the Municipal Council's control, and the County Government is not in a position to operate or access it.</li> </ul> | <ul style="list-style-type: none"> <li>Management did not adhere to the laid down regulations and laws on opening bank accounts</li> </ul> | The Committee recommends that the Office of the County Governor commences the process of closing the three (3) unauthorized commercial bank accounts and transfer all public funds to legally compliant | within sixty (60) days from the adoption of this report. |

| SUMMARY OF UNRESOLVED ISSUES |                       |           |                     |                        |                                                                                                                                                                  |           |
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| Audit Query                  | Audit Findings        | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                        | Timelines |
|                              | Central Bank of Kenya |           |                     |                        | accounts at the Central Bank of Kenya and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. |           |

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

|                                                                                     |                                                                                                                                                                    |                                                                                                                                                                                                                       |                                                                                                                                                                                                            |                                                                                             |                                                                                                                           |                                                         |
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| <b>4. Lack of Approved Information Communication Technology Security Policy and</b> | <ul style="list-style-type: none"> <li>Regulations 110(1) of the Public Finance Management (County Governments), Regulations states that the Accounting</li> </ul> | <ul style="list-style-type: none"> <li>There was no formal approved ICT policy, Data Recovery Plan (DRP) and ICT Security Policy in place as at 30 June, 2023.</li> <li>County had not installed antivirus</li> </ul> | <ul style="list-style-type: none"> <li>County Executive acknowledges the lack of Information Communication Technology (ICT) Policy at the time of audit</li> <li>Currently the County Executive</li> </ul> | County Executive acknowledges the lack of Information Communication Technology (ICT) Policy | The Committee recommends that; -<br>1. the Accounting Officer should put in place an Information Communication Technology | within sixty (60) days from the adoption of this report |
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| SUMMARY OF UNRESOLVED ISSUES  |                                                                                                                                                                                                |                                                                                                                                                                                                                                         |                                                                                                   |                        |                                                                                                                                                                                                                                                                                      |           |
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| Audit Query                   | Audit Findings                                                                                                                                                                                 | Key issue                                                                                                                                                                                                                               | Management Response                                                                               | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                            | Timelines |
| <b>Disaster Recovery Plan</b> | Officer for a County government entity shall institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity. | <p>programs in its systems and did not have mechanisms for ensuring that there was up-to-date security on the systems software.</p> <ul style="list-style-type: none"> <li>County also did not have an IT Steering Committee</li> </ul> | Committee has approved a Draft Risk Management Policy and has submitted it to the County Assembly | at the time of audit   | <p>Security Policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General.</p> <p>2. the Auditor General to closely monitor the development, documentation and communication of these policies within the</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                       |                                                    |                                                                                                                                                                                                                                                      |                                                                                                                                 |                                                                                                                                   |                                                                                                                                                                                                                                                                                           |                                                         |
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| Audit Query                                        | Audit Findings                                     | Key issue                                                                                                                                                                                                                                            | Management Response                                                                                                             | Committee Observations                                                                                                            | Committee Recommendations                                                                                                                                                                                                                                                                 | Timelines                                               |
|                                                    |                                                    |                                                                                                                                                                                                                                                      |                                                                                                                                 |                                                                                                                                   | county entity in the subsequent audit cycles.                                                                                                                                                                                                                                             |                                                         |
| 5. Incomplete Project Implementation Status Report | <ul style="list-style-type: none"> <li></li> </ul> | <ul style="list-style-type: none"> <li>The county project implementation report lacked relevant information such as the financial year the project relates to, the amount paid during the year and the balance as at the end of the year.</li> </ul> | <ul style="list-style-type: none"> <li>County Executive submitted a more comprehensive project implementation report</li> </ul> | <ul style="list-style-type: none"> <li>County did not provide the project implementation report as mentioned</li> <li></li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section</li> </ol> | within 60 Days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                      | Timelines |
|                              |                |           |                     |                        | <p>156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. The County Executive establishes a project management and monitoring System to help in proper project conceptualiza</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |                |           |                     |                        |                                                                                                                                                                                                                                                                                                          | Timelines |
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| Audit Query                  | Audit Findings | Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                |           |
|                              |                |           |                     |                        | <p>tion, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.</p> |           |

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT ON THE  
RECEIVER OF REVENUE- STATEMENTS FOR THE MOMBASA COUNTY EXECUTIVE FOR THE  
FINANCIAL YEAR 2023/2024**

**Basis of Qualified Opinion**

| <b>SUMMARY OF UNRESOLVED ISSUES</b>                                    |                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                         |                                                                                                |                                                                                                                                                                                                                                                                                                                |
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| <b>Audit Query</b>                                                     | <b>Audit Findings</b>                                                                                                                                                                                                                          | <b>Key issue</b>                                                                                                                                                                                                                     | <b>Management Response</b>                                                                                                                                                                                                                                                              | <b>Committee Observations</b>                                                                  | <b>Committee Recommendations</b>                                                                                                                                                                                                                                                                               |
| <b>1.<br/>Unsupported Revenue on Physical Planning and Development</b> | Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations. 2015 states that an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied | Out of Kshs. 345,283,567 for revenue on physical planning and development, land valuation and registration fees of Kshs. 3,792,194 and architectural design by County officers of Kshs. 7,453,450 were not supported with schedules. | <ul style="list-style-type: none"> <li>The supporting schedules are provided to support the revenue on Physical Planning and Development, including the specific components such as land valuation, architectural design, plot transfer fees, plot charges, and survey fees.</li> </ul> | <ul style="list-style-type: none"> <li>Supporting schedules not provided.</li> <li></li> </ul> | The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor |

| SUMMARY OF UNRESOLVED ISSUES                    |                                                                                                                                                             |                                                                                                                                                            |                                                                                                                                                                                                                              |                                                                                                                                                                                                                    |                                                                                                                                                                                               |
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| Audit Query                                     | Audit Findings                                                                                                                                              | Key issue                                                                                                                                                  | Management Response                                                                                                                                                                                                          | Committee Observations                                                                                                                                                                                             | Committee Recommendations                                                                                                                                                                     |
|                                                 | for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies |                                                                                                                                                            |                                                                                                                                                                                                                              |                                                                                                                                                                                                                    | General within sixty (60) days from the adoption of this report.                                                                                                                              |
| <b>2. Unconfirmed Cash and Cash Equivalents</b> | Regulation 90(1) of the Public Finance Management (County Governments ) Regulations, 2015 states that an Accounting Officers shall ensure bank accounts     | Two bank accounts cashbooks and bank reconciliations not provided. Variance in Main Revenue bank account with a balance of Kshs. 2,924,724 was reported to | <ul style="list-style-type: none"> <li>The Statement of Financial Assets and Liabilities has been amended to reflect the correct closing balance of Kshs. 2,924,724 for the KCB Main Revenue Bank Account, as per</li> </ul> | <ul style="list-style-type: none"> <li>Cashbooks and bank reconciliation statements for the two bank accounts not provided.</li> <li>Reconciliation of Kshs.2,790,075 in the main account not provided.</li> </ul> | The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with |

| SUMMARY OF UNRESOLVED ISSUES                 |                                                                                                                                                                                                                                                        |                                                                                                                      |                                                                                                 |                                                                                                                                                       |                                                                                                                                                                                   |
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| Audit Query                                  | Audit Findings                                                                                                                                                                                                                                         | Key issue                                                                                                            | Management Response                                                                             | Committee Observations                                                                                                                                | Committee Recommendations                                                                                                                                                         |
|                                              | reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General. | have a balance of Kshs. 134,649 resulting to unexplained understatement of Kshs. 2,790,075 which was not reconciled. | the cashbook balance and the reconciled amount.                                                 |                                                                                                                                                       | section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. |
| <b>3. Undisclosed and Unapproved Revenue</b> | Regulation 42(1) of the Public Finance Management (County Governments) Regulations,                                                                                                                                                                    | Land fees totalling to Kshs. 146,640,000 not included in financial statements                                        | The County has adhered to the Mombasa County Finance Act of 2022, which included provisions for | <ul style="list-style-type: none"> <li>Valuation and assessment fees not included in Finance Act 2023</li> <li>Confirmation of the 208 new</li> </ul> | The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed                                                                  |



| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                          |                                                                                                                                                                                                                                                                      |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                                                                                     | Key issue                                                                                        | Management Response                                                                                                                                                                                                                                                                                                                                                                                                  | Committee Observations                                                                                                                                                   | Committee Recommendations                                                                                                                                                                                                                                            |
|                              | <p>2015, states that an Accounting Officer shall - (c) ensure all appropriation-in-aid due to county government entity are collected and properly accounted for in accordance with the relevant laws, rules and Regulations</p> <p>Article 210 (1) of the Constitution of Kenya provides that, no tax or licensing fee may be imposed, waived or varied except</p> | <p>from 29,328 new lands registered in the system at valuation fees of Kshs. 5,000 per plot.</p> | <p>valuation and assessment fees related to land registration. However, it is important to note that these fees were omitted in the Finance Act 2023.</p> <p>As per our records, 208 new plots were registered, not 29,328 as previously indicated. In accordance with the 2022 Finance Act, a fee of Kshs. 5,000 per plot was applied, resulting in a total revenue of Kshs.1,040,000 from these registrations.</p> | <p>plots registered not provided.</p> <ul style="list-style-type: none"> <li>• Extract of the Finance Act not provided.</li> <li>• <b>Issue not Addressed</b></li> </ul> | <p>to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report</p> |



| SUMMARY OF UNRESOLVED ISSUES             |                                                                                                                                                                                                                                                                   |                                                                                            |                                                                                                                                                                  |                                                                                                                                     |                                                                                                    |
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| Audit Query                              | Audit Findings                                                                                                                                                                                                                                                    | Key issue                                                                                  | Management Response                                                                                                                                              | Committee Observations                                                                                                              | Committee Recommendations                                                                          |
|                                          | <p>as provided by legislation.</p> <p>Mombasa County Finance Act, 2023 Section 15 states that all previous Finance Acts approved prior to this Act are hereby repealed. The Act also provides the schedule of all the revenue streams and the amount payable.</p> |                                                                                            | <p>This revenue has been correctly recorded and reflected in the County's financial records, in full compliance with the provisions of the 2022 Finance Act.</p> |                                                                                                                                     |                                                                                                    |
| <b>Budgetary Control and Performance</b> | <p>Section 147. of Public Finance Management Act 2012, states (1) Subject to the Constitution, the</p>                                                                                                                                                            | <p>No report was provided by the Receiver of Revenue to the County Executive Committee</p> | <p>The report detailing the reasons for the under-realization of revenue was prepared and submitted to the</p>                                                   | <ul style="list-style-type: none"> <li>The County lacks accurate database of businesses, parking lots and advertisements</li> </ul> | <p>The Committee recommends that:</p> <p>7. The County Government establishes and maintains an</p> |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                    |                                                                        |                                                                                                                                                                                                                                                                                                                                                  |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                                                 | Key issue                                                                                                                                                           | Management Response                                                                                                                                                                                                                                                                                                                                | Committee Observations                                                 | Committee Recommendations                                                                                                                                                                                                                                                                                                                        |
|                              | accounting officer of a county assembly shall monitor, evaluate and oversee the management of their public finances, including—<br>(c) implementing financial policies in relation to their finances;<br>(d) ensuring proper management and control of, and accounting for, their finances in order to promote | Member (CECM)- Finance and Economic Planning detailing the reasons for difficulties in revenue collection as required of Kshs. 1,392,959,002 or 24 % of the target. | County Executive Committee Member (CECM) for Finance and Economic Planning in compliance with Regulation 63(2) of the Public Finance Management (County Governments) Regulations, 2015.<br>• The report outlines the challenges encountered in revenue collection and the measures being implemented to enhance revenue performance. A copy of the | with precise information leading to under realization of revenue.<br>• | accurate and comprehensive database of all businesses, parking lots and advertisements to enhance revenue collection and ensure financial accountability and also conduct a thorough mapping and registration of all revenue sources, implement a digital revenue management system, and enforce strict compliance measures and provide a status |

| SUMMARY OF UNRESOLVED ISSUES         |                                                                                                                         |                                                                                    |                                                                                                    |                                                                                                                                                   |                                                                                                                                                                                                                                                        |
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| Audit Query                          | Audit Findings                                                                                                          | Key issue                                                                          | Management Response                                                                                | Committee Observations                                                                                                                            | Committee Recommendations                                                                                                                                                                                                                              |
|                                      | the efficient and effective use of budgetary resources;<br>(e) preparing annual estimates of expenditures;              |                                                                                    | report is attached for verification.                                                               |                                                                                                                                                   | update to the Auditor General and the Senate within 60 days of adoption of this report; and<br>8. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls. |
| <b>Unresolved Prior Year Matters</b> | Revised Financial Reporting Template for County Receiver of Revenue, Note 13 Appendix 2- Progress on follow up of prior | Audit issues raised in previous years were not disclosed in revenue statements and | The prior year audit issues have been addressed in line with the auditor's recommendations and are | <ul style="list-style-type: none"> <li>The prior year audit issues have not been addressed and documented in the financial statements.</li> </ul> | The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by taking                                                                                                                                    |



| SUMMARY OF UNRESOLVED ISSUES                                 |                                                                                                                                                                                                                              |                                                                                                                                             |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                        |
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| Audit Query                                                  | Audit Findings                                                                                                                                                                                                               | Key issue                                                                                                                                   | Management Response                                                                                                                                                                                                                                                 | Committee Observations                                                                                                                                                                                                                                                                             | Committee Recommendations                                                                                                                                                                                                                              |
|                                                              | year auditor recommendations                                                                                                                                                                                                 | were not resolved.                                                                                                                          | documented in the financial statements. An extract highlighting the progress is attached for reference.                                                                                                                                                             | <ul style="list-style-type: none"> <li>The progress reports on the implementation of the audit issues have not been provided.</li> <li><b>Issue not Addressed</b></li> </ul>                                                                                                                       | action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report                                                                                                           |
| Basis of Conclusion                                          |                                                                                                                                                                                                                              |                                                                                                                                             |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                        |
| <b>1. Failure to Prepare Statement of Arrears of Revenue</b> | Section 165 of the Public Finance Management Act, 2012 which states that; (1) At the end of each financial year, a receiver of revenue for a County Government shall prepare an account in respect of the revenue collected, | Receiver of Revenue did not prepare the Statement of Arrears of Revenue contrary to Section 165 of the Public Finance Management Act, 2012. | The omission of the Statement of Arrears of Revenue was due to significant data inconsistencies and errors, which affected the accuracy of revenue reporting. To address this, a structured data cleanup exercise has been initiated to reconcile discrepancies and | <ul style="list-style-type: none"> <li>There are discrepancies, errors and incomplete and inaccurate data at the County</li> <li>The County does not have a comprehensive property identification framework aimed at formalizing land ownership and ensuring accurate property records.</li> </ul> | <p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The Office of the County Governor undertakes administrative action against the receiver of revenue and any other officer(s) responsible for failure to prepare</li> </ol> |



| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                                                                                                                                              |           |                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| Audit Query                  | Audit Findings                                                                                                                                                                                                                                                                               | Key issue | Management Response                                                                                                                                                                                                                                                                                                                | Committee Observations                                                                                                                                                                                                                                                                                                                                | Committee Recommendations                                                                                                                                                                                                                                                                                                                                                                                       |
|                              | received and recovered by the receiver during that financial year; and (2) The account under subsection (1) shall include; (a) a statement of receipts and disbursement in a form prescribed by the Accounting Standards Board from time to time; and (b) a statement of arrears of revenue. |           | <p>ensure completeness. To address the issue comprehensively, we are implementing the following key reforms:</p> <ol style="list-style-type: none"> <li>1. Data Cleanup and Reconciliation:</li> <li>2. Digitization of Land Records:</li> <li>3. Legal and Policy Framework:</li> <li>4. Digital Mapping of Businesses</li> </ol> | <ul style="list-style-type: none"> <li>• Lack of County specific legislation to support property titling, streamline revenue administration and facilitate enforcement of tax collection.</li> <li>• The County has not rolled out the digital mapping of the businesses.</li> <li>• The statement of arrears of revenue was not prepared.</li> </ul> | <p>Statement of Arrears of Revenue within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; and</p> <ol style="list-style-type: none"> <li>2. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial</li> </ol> |

| SUMMARY OF UNRESOLVED ISSUES                  |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                 |                                                                                                                                                                                                                                                                                                                         |
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| Audit Query                                   | Audit Findings                                                                                                                                                                                                                                                                                                                                        | Key issue                                                                                                                                                                                                                                                                          | Management Response                                                                                                                                                                                                                                                                                                                                      | Committee Observations                                                                                                          | Committee Recommendations                                                                                                                                                                                                                                                                                               |
|                                               |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                 | statements in the prescribed timelines.                                                                                                                                                                                                                                                                                 |
| <b>2. Use of Outdated Land Valuation Roll</b> | Valuation for Rating Act, 1956 Section 3 states every local authority shall from time to time, but at least once in every ten years or such longer period as the Minister may approve, cause a valuation to be made of every rateable property within the area of the local authority in respect of which a rate on the value of land is, or is to be | The County applied land valuation on rateable properties based on valuation roll of the year 2002 from the defunct Municipal Council of Mombasa contrary to Valuation for Rating Act, 1956, Section 3 which requires Counties to update the valuation rolls after every ten years. | <ul style="list-style-type: none"> <li>The County is currently in the process of digitizing land records and updating the E-Land Services system to ensure that all registered properties are accurately reflected. However, the implementation of a new valuation roll has faced delays due to ongoing litigation cases, which have impacted</li> </ul> | <ul style="list-style-type: none"> <li>The County does not have an updated valuation roll since year 2002.</li> <li></li> </ul> | The Committee recommends that the County executives should expedite updating of valuation roll in accordance with Section 3 of the Valuation for Rating Act CAP 266 to reflect current market values for optimal revenue collection and comply with the guidelines of the Public Sector Accounting Boards of reporting. |

| SUMMARY OF UNRESOLVED ISSUES |                                                            |           |                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |                           |
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| Audit Query                  | Audit Findings                                             | Key issue | Management Response                                                                                                                                                                                                                                                                                                                                                                                                                      | Committee Observations | Committee Recommendations |
|                              | imposed, and the values to be entered in a valuation roll. |           | <p>the digitization process.</p> <p>In line with this, the enactment of the National Rating Bill, 2021, which establishes the office of the Chief Government Valuer, is expected to play a critical role in overseeing and validating property valuations. This office will ensure that property valuations are consistent and compliant with national standards. While efforts to digitize the valuation roll and implement updates</p> |                        |                           |

| SUMMARY OF UNRESOLVED ISSUES |                |           |                                                                                                                                                                                                                                                                                                                                   |                        |                           |
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| Audit Query                  | Audit Findings | Key issue | Management Response                                                                                                                                                                                                                                                                                                               | Committee Observations | Committee Recommendations |
|                              |                |           | are ongoing, the litigation challenges have caused some delays. However, the operationalization of the Chief Government Valuer's office is expected to provide the necessary framework and guidance for the timely implementation of updated valuation rolls, aligning local valuation practices with national requirements. This |                        |                           |



| SUMMARY OF UNRESOLVED ISSUES |                |           |                                                                                                      |                        |                           |
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| Audit Query                  | Audit Findings | Key issue | Management Response                                                                                  | Committee Observations | Committee Recommendations |
|                              |                |           | will enhance the accuracy and legality of property valuations and revenue collection moving forward. |                        |                           |

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

Basis for Qualified Opinion

| <b>SUMMARY OF UNRESOLVED ISSUES</b>  |                                                                                                                                        |                                                                                                  |                                                                                                                                                                          |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                  |
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| <b>No</b>                            | <b>Audit Query</b>                                                                                                                     | <b>Audit Findings</b>                                                                            | <b>Management Response</b>                                                                                                                                               | <b>Committee Observations</b>                                                         | <b>Committee Recommendations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Timeline</b>                                  |
| <b>REPORT ON FINANCIAL STATEMENT</b> |                                                                                                                                        |                                                                                                  |                                                                                                                                                                          |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                  |
| 1                                    | <b>Variance Between the Statement of Receipts and Payments and Integrated Financial Management Information System (IFMIS) Votebook</b> | There were variances between amounts in the financial statements and the IFMIS vote book report. | There were challenges with the IFMIS votebook report. The County Executive has engaged the IFMIS National Treasury Department on the way forward in cleaning the system. | The management failed to reconcile balances in the IFMIS and the financial statements | 8. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.<br>9. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. | 60 days from the date of adoption of this report |

|   |                                           |                                                                                                                                                                                                                                 |                                                                                                                                                                                     |                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                  |
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|   |                                           |                                                                                                                                                                                                                                 |                                                                                                                                                                                     |                                                                                                                                                                                                         | 10. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.                                                                                                                                                                                                                                                                                                                                                                                        |                                                  |
| 2 | <b>Unreconciled Pending Bills Records</b> | The financial statements reflect pending bills totaling Kshs.1,342,502,610 which included Kshs.412,257,670 pending accounts payables. However, available records revealed Kshs.397,460,619 hence a variance of Kshs.14,797,051. | The actual figures of pending accounts payable balance are Kshs. 412,257,670 as per the attached list relating to unpaid suppliers and pending staff payables of Kshs. 930,244,940. | <p>The was a variance of Kshs Kshs.14,797,051 in pending bills records.</p> <p>The management provided a list of pending bills but did not conduct a detailed analysis of individual pending bills.</p> | <ol style="list-style-type: none"> <li>1. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.</li> <li>2. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of</li> </ol> | 60 days from the date of adoption of this report |

|                      |                                          |                                                                                                                                                               |                                                                                                                                                                                                |                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                          |
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|                      |                                          |                                                                                                                                                               |                                                                                                                                                                                                |                                                                                                                                                                                                                   | adoption of this report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |
| <b>OTHER MATTERS</b> |                                          |                                                                                                                                                               |                                                                                                                                                                                                |                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                          |
| 3                    | <b>Budgetary Control and Performance</b> | The County received Kshs.6,783,549,529 as revenue against a budget of Kshs. 9,515,657,013 hence revenue shortfall of Kshs.2,732,107,484 or 29% of the budget. | The reported underfunding was as a result of unrealized exchequer releases, unrealized Transfers for other government agencies and facility improvement funds received and utilized at source. | There was under-utilization of appropriated funds by the County Executive as a result of delay in exchequer releases by The National Treasury; and<br><br>The County did not meet its own source revenue targets. | <ol style="list-style-type: none"> <li>1. The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012; and</li> <li>2. The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.</li> </ol> | Continuous               |
| 4                    | <b>Pending Bills</b>                     | The financial statements reflect pending bills                                                                                                                | The opening pending bills for 2023-2024                                                                                                                                                        | The management had not settled pending bills                                                                                                                                                                      | <ol style="list-style-type: none"> <li>1. All County Governments pay verified pending bills</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                   | 60 days from the date of |



|  |  |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                    |                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                         |
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|  |  | amounting to Kshs.1,342,502,610 as at 30 June, 2024. The amount includes Kshs.448,144,408 in respect to pending bills from the previous year's dating back to the financial year 2015-2016. No explanation why the pending bills were not prioritized as first charge in the county revenue. | were Kshs. 1,137,499,457 out of which Kshs 678,120,978 were settled during the year leaving a balance of Kshs 459,378,470 at the close of the financial year. A payment plan of Kshs 1,397,349,398 was presented to the controller of budget. Out of this amount, Kshs 445,435,987 had been paid by 11th September | dating back to 2015-2016. | amounting to less than Kshs. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and<br>2. that-<br>i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;<br>ii. the Controller of Budget takes into | adoption of this report |
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|  |  |  | <p>2024 leaving a balance of Kshs 951,913,412 which the County Executive is committed to clear.</p> |  | <p>consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;</p> <p>iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public Finance Management (County Governments) Regulations;</p> <p>iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates;</p> <p>v. County governments, in consultation with</p> |  |
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|                                                                                  |                                                   |                                                                               |                                                                                            |                                                                    | <p>the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and</p> <p>vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.</p> |                                                  |
| <b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF THE PUBLIC RESOURCES</b> |                                                   |                                                                               |                                                                                            |                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                  |
| <b>5</b>                                                                         | <b>Failure to Comply with Staff Establishment</b> | The County Executive had seventy-seven (77) staff members who were not in the | This was due to an error in the staff establishment in pages 23, 25, 36 and 41. The errors | 77 staff members who were not in the approved staff establishment. | The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor                                                                                                                                                                                                                | 60 days from the date of adoption of this report |

|   |                                                           | approved staff establishment.                                                                                                                                                                                                                         | have since been corrected                                                                                                                                                                                                                   |                                                                                                                          | General within 60 days of adoption of this report                                                                                                                                                                                                                                                                                                                                                                                       |                  |
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| 6 | <b>Non-Adherence to the Law on Staff Ethnic Diversity</b> | 93% of employees of the County Executive were from the same ethnic community contrary to law. During the year, the County Executive employed thirty-nine (39) staff members out of which, 34 were from the dominant ethnic community contrary to law. | Applicants from other communities are usually few. The Board strives to ensure diversity through advertisements that encourage persons from other communities to apply by indicating that Murang'a County is an equal opportunity employer. | The County Executive employed 39 staff members, 34 of whom were from the dominant ethnic community, contrary to the law. | <ol style="list-style-type: none"> <li>1. The county executive should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity.</li> <li>2. The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.</li> </ol> | Continuous       |
| 7 | <b>Non-Adherence to</b>                                   | 571 employees were drawing net                                                                                                                                                                                                                        | This was due to introduction                                                                                                                                                                                                                | 571 employees were drawing net                                                                                           | <ol style="list-style-type: none"> <li>1. The County Executive should provide to the</li> </ol>                                                                                                                                                                                                                                                                                                                                         | 60 days from the |



|   |                                                                             |                                                                                                           |                                                                                                                                                                                                                |                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                  |
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|   | <b>the One-Third Basic Salary Rule</b>                                      | salary of less than one third of their basic salary contrary to Section 19(3) of the Employment Act, 2007 | of other statutory deductions at a time when the officers had already made commitments in their pay. This included housing levy, Social Health Insurance Fund (SHIF) and National Social Security Fund (NSSF). | salary of less than one third of their basic salary contrary to Section 19(3) of the Employment Act, 2007.                            | <p>Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate on the issue as well as comply with the requirements of law.</p> <ol style="list-style-type: none"> <li>the county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds; and</li> <li>The OAG should progressively review and report the matter in the subsequent audit cycle.</li> </ol> | date of adoption of this report                  |
| 8 | <b>Failure to Comply with Fiscal Responsibility Principles on Wage Bill</b> | Expenditure of Kshs.3,685,639,768 in respect to compensation of employees represents fifty-four (54%)     | The County inherited a large number of staff. SRC reviewed salaries and allowances for                                                                                                                         | The expenditure on compensation of employees was 54% exceeded the threshold of 35% prescribed by the Section 107(2) (c) of the Public | <ol style="list-style-type: none"> <li>The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill</li> </ol>                                                                                                                                                                                                                                             | 60 days from the date of adoption of this report |

|   |                                                                                      |                                                                                                                                                                                                                        |                                                                                                                                                     |                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                           |  |
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|   |                                                                                      | percent of the total county government revenue of Kshs.6,783,549,529. This is contrary to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 which allows a maximum of 35%. | public officers upwards several times without the relative revenue rise. Limited own source revenue streams hence inability to improve on the ratio | Finance Management Act, 2012 and Section 25(1) (b) of the Public Finance Management (County Government) Regulations, 2015. | shall not exceed 35 percent of the county's total revenue.<br>2. The county executive puts in place measures to enhance its own source revenue collection to address the high wage bill gap; and<br>3. The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report. |  |
| 9 | <b>Failure to Adhere to Fiscal Responsibility Principles in Budget Allocation to</b> | Kshs.892,709,033 was allocated to Murang'a County Assembly. This was equivalent to 8.58% of the total county                                                                                                           | The Kshs. 892,709,033 budget allocations to the County Assembly included Kshs. 25,000,000 for                                                       | The management adhered to the County Allocation Revenue Act which set ceilings for the County Assembly                     | Resolved                                                                                                                                                                                                                                                                                                                                                                                  |  |

|  |                                   |                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                 |  |  |  |
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|  | <p><b>the County Assembly</b></p> | <p>revenue budget contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that the approved expenditures of a county assembly shall not exceed seven percent (7%) of the total revenues of the County Executive or twice the personnel emoluments of that county assembly,</p> | <p>development and Kshs. 42,000,000 for car and mortgage which are items classified as allowable beyond the parliament approved ceiling. The ceiling as set out in the second Schedule to County Revenue Allocation of Revenue Act (CARA), 2023 was Kshs 830,709,033 which was 7.98% of the</p> |  |  |  |
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|    |                                           | whichever is lower.                                                                                                                                                                                                                       | total budget of 10,408,366,046, therefore above the Public Finance Regulations, 2015 set ceiling of 7%.                                                                                                        |                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                  |
| 10 | <b>Irregularity on Imprest Management</b> | Imprest amount of Kshs.2,794,575 remained outstanding as at 30 June 2024, some of which dates back to the year 2023. No measures taken by management to ensure accountability. Management failed to operationalize the imprest management | <p>The surrender documents for the imprests have been attached for review.</p> <p>The County Executive invited the National Treasury to assist in cleaning up IFMIS and training on the use of the imprest</p> | <p>The management provided a surrender voucher but did not explain the delayed surrender of imprest.</p> <p>The management did not address the non-operationalization of the IFMIS imprest module.</p> | <ol style="list-style-type: none"> <li>1. The sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.</li> <li>2. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of</li> </ol> | 60 days from the date of adoption of this report |



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|    |                                                                  | module in the Integrated Financial Management Information System (IFMIS).                                                                                                                                                                                              | management module                                                                                                                                                                                                                            |                                                                                                        | adoption of this report                                                                                       |            |
| 11 | <b>Construction of a Septic Tank at Maragua Level 4 Hospital</b> | An amount of Kshs.1,886,520 paid for construction of a septic tank at Maragua hospital. However, a physical verification revealed that the newly constructed septic tank was overflowing and the waste was spreading to the surroundings resulting to a health hazard. | The septic tank requires an exhaustor to dislodge when full. This is caused by increase in the number of patients. An exhaustor has since been engaged to dislodge. The visible openings are inspection chambers which were left open during | The management provided photos of the current state of the septic tank, awaiting physical verification | The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle | Continuous |

|    |                                                           |                                                                                                                     |                                                                                                                                                                                              |                                                                                          |                                                                                                                                                                                                                                                                                                                                 |                |
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|    |                                                           | Further, due to poor workmanship, the top surface of the septic tank had visible openings and was already worn out. | inspection by an attendant but have already been closed.<br>Annex 7: Photos of the current state of the septic tank.                                                                         |                                                                                          |                                                                                                                                                                                                                                                                                                                                 |                |
| 12 | <b>Project Complete but Not in Use - Mabae Dispensary</b> | Mabae dispensary was renovated using an amount of Kshs.1,839,222. The project was completed but not in use.         | The department had first budgeted for the first phase of infrastructure works due to resources scarcity. Tender for second phase was advertised and awarded and currently work is ongoing to | The project was complete but not in use.<br><br>The management provided a tender notice. | 1. County Executive establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County | Continuo<br>us |

|    |                                                                                       |                                                                                                                                                        |                                                                  |                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                        |                                                  |
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|    |                                                                                       |                                                                                                                                                        | make the facility usable.                                        |                                                                                                                                      | Government) Regulations, 2015.<br>2. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.                                                                                                                                                                                                                    |                                                  |
| 13 | <b>Failure to Remit Balances from ASDSP II Accounts to National Programme Account</b> | No evidence of closure of two Agricultural Development Support Programme Phase II (ASDSP) bank accounts as required by a circular dated 19 June, 2024. | The funds will be transferred during the current financial year. | The management did not provide evidence of the closure of two ASDSP II bank accounts as required by the circular dated 19 June 2024. | The County Executive immediately comply with Circular JAS/PROJECTS/3/VOL.VI I/071 dated 19 June 2024, by closing the two ASDSP II bank accounts with balances of Kshs.5,569,290 and Kshs.177 transferring the funds to the National Programme Bank account, and submitting a status update to the Auditor General and Senate within 60 days of this Report's adoption. | 60 days from the date of adoption of this report |
| 14 | <b>Effectiveness in Implementatio</b>                                                 | Management did not provide progress reports                                                                                                            | Prior year auditor's recommendati                                | The management attached a schedule to the                                                                                            | The County executive complies with section 53 of the Public Audit Act, 2015                                                                                                                                                                                                                                                                                            | 60 days from the date of                         |

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|                                                                                     | <b>n of Audit<br/>Recommendati<br/>on</b> | in respect to<br>implementation<br>of prior year<br>audit<br>recommendations<br>. There were no<br>explanations in<br>writing to<br>Parliament on<br>why the report<br>has not been<br>acted upon | ons were<br>addressed and<br>a report on the<br>implementatio<br>n status<br>included in the<br>audited<br>financial<br>statements<br>under other<br>important<br>disclosures.  | financial<br>statements<br>indicating<br>"resolved/unresolv<br>ed" but did not<br>explain how the<br>issues were<br>addressed.    | by taking action on the<br>issues raised by the Auditor<br>General and submits a<br>report to the Auditor<br>General within 60 days of<br>the adopting this report.                                                                                                                                 | adoption<br>of this<br>report                                   |
| <b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b> |                                           |                                                                                                                                                                                                   |                                                                                                                                                                                 |                                                                                                                                   |                                                                                                                                                                                                                                                                                                     |                                                                 |
|                                                                                     | <b>Lack of Asset<br/>Disposal Plan</b>    | There was no<br>approved Assets<br>Disposal Plan<br>despite having<br>various<br>grounded/<br>unserviceable<br>assets due for<br>disposal.                                                        | Some of the<br>assets were not<br>yet transferred<br>to the county<br>government<br>until<br>November,<br>2024 when<br>they were<br>officially<br>transferred to<br>the county. | The Management<br>had no asset<br>disposal plan in<br>place.<br><br>The management<br>had not updated its<br>fixed asset register | 1. The County entity<br>should update and<br>present its Fixed<br>Assets Register in the<br>format prescribed by<br>the Public Sector<br>Accounting<br>Standards Board.<br>2. The County entity<br>should adopt and<br>implement the report<br>of the Inter-<br>Governmental<br>Technical Relations | 60 days<br>from the<br>date of<br>adoption<br>of this<br>report |



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|  |  |  | <p>The county government is in the process of conducting valuation and has engaged the county valuer to provide the current market value for the items. The county will include them in the 2024-2025 financial year disposal plan once the valuer submits the valuation report.</p> |  | <p>Committee (IGTRC) on assets and liabilities from defunct Local Authorities and take charge and provide a status update to the Office of the Auditor General within 60 days of adoption of this Report; and</p> <p>3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Year.</p> |  |
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE  
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF NAIROBI COUNTY EXECUTIVE FOR  
THE FINANCIAL YEAR 2023/2024**

**Basis of Qualified Opinion**

| <b>SUMMARY OF UNRESOLVED ISSUES</b>                 |                                                                                       |                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 |                                                                                                      |                                                                                                                                                                 |                                                         |
|-----------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>Audit Query</b>                                  | <b>Criteria</b>                                                                       | <b>Audit Finding/Key issue</b>                                                                                                                                                                                                                 | <b>Management Response</b>                                                                                                                                                                                                                                                                      | <b>Committee Observations</b>                                                                        | <b>Committee Recommendations</b>                                                                                                                                | <b>Timelines</b>                                        |
| <b>4. Inaccuracies in Compensation of Employees</b> | Regulation 102 of the Public Finance Management (County Government) Regulations, 2015 | Basic salaries for permanent employees' expenditure of Kshs.8,239,633,410 differed with the Integrated Personnel Payroll Database basic salary amount of Kshs.7,399,700,121 resulting to an unexplained variance of Kshs.839,933,289. Further, | The variance of Kshs.839,933,289 was as a result of payment of payroll related pending bills paid off IPPD (outside payroll) as tabulated below. These payments were made towards pension arrears (LapFund and LapTrust), NMS salary arrears, PAYE arrears, and third party deductions arrears. | The variance, which is attributed to payments outside IPPD should not form part of the basic salary. | The Committee recommends that;<br><br>1. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                            |                     |                        |                                                                                                                                                                                              |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                    | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                    | Timelines |
|                              |          | The compensation of employees' expenditure increased from an amount of Kshs.11,185,475,652 to the current year's expenditure of Kshs.17,290,337,584 by Kshs.6,104,861,932 or 55% of the prior year amount. |                     |                        | responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                      |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                            | Timelines |
|                              |          |                         |                     |                        | <p>report; and</p> <p>2. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting accurate and reliable reconciliations of the financial statements in the prescribed timelines.</p> |           |



| SUMMARY OF UNRESOLVED ISSUES                                |                                                                                       |                                                                                                               |                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                               |                                                                                                                                                                                                                                                                                                        |                                                         |
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| Audit Query                                                 | Criteria                                                                              | Audit Finding/Key issue                                                                                       | Management Response                                                                                                                                                                                                                                                                                                                           | Committee Observations                                                                                                                        | Committee Recommendations                                                                                                                                                                                                                                                                              | Timelines                                               |
| 2.<br><b>Unexplained Double Payments in Bank Statements</b> | Regulation 102 of the Public Finance Management (County Government) Regulations, 2015 | Review of bank statements indicated instances of suppliers receiving payments twice for the same transaction. | The double entries in the Bank statement are brought about by bounced payments mainly due to incorrect supplier (payee) bank details. In this circumstance, the payments are normally re-invoiced for payment through the correct account details. This re-invoicing is what makes it look like a double payment. Refer to the returned RTGS. | The re-invoicing was not clearly identified to separate it from subsequent payments done although the RTGS for the bounced payments provided. | The Committee recommends that;<br>1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | <p>a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                         |           |
|------------------------------|----------|-------------------------|---------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                               | Timelines |
|                              |          |                         |                     |                        | <p>n of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; and</p> <p>3. The Office of the County Governor must ensure strict adherence to the Public Sector Accounting Standards Board regulations by submitting</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                |                                                                                         |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                  |                                                                                                                                           |                                                                                                                                                                                                           |                                                         |
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| Audit Query                                 | Criteria                                                                                | Audit Finding/Key issue                                                                                                                                                                                                                            | Management Response                                                                                                                                                                                                                                                              | Committee Observations                                                                                                                    | Committee Recommendations                                                                                                                                                                                 | Timelines                                               |
|                                             |                                                                                         |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                  |                                                                                                                                           | accurate and reliable reconciliations of the financial statements in the prescribed timelines.                                                                                                            |                                                         |
| <b>3. Misstatement of Accounts Payables</b> | Regulation 22(c) of the Public Finance Management (County Government) Regulations, 2015 | <p>i. Variance between reported pending bills and accumulated total pending bill of Kshs.118,315,753, 589 according to the County Executive records resulting to an unexplained variance of Kshs.478,485,041.</p> <p>ii. County Executive paid</p> | The variance of Kshs.159,605,565 was total amount of pending bills paid in the Period-July 2024. The total amount reported of Kshs.2,706,330,152 out of the total pending payables was the cumulative amount paid to creditors from July 2023 to July, 2024 while a total amount | <p>The County Government did not explain variance of Kshs.478,485,041 not explained</p> <p>The Variance of Kshs.159,605,565 explained</p> | 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to reconcile and provide documents to the auditors at the time of audit in accordance | Within sixty (60) days from the adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                            |                                                                                                                                                                                         |                        |                                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                    | Management Response                                                                                                                                                                     | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                              | Timelines |
|                              |          | Kshs.2,706,330,152 in pending bills, however, the amount differs with the reported amount of Kshs.2,546,724,587 as total paid within the year resulting to a variance of Kshs.159,605,565. | of Kshs.2,546,724,587 was the total payments reported by end of the financial year on 30th June, 2024 covering July 2023 to June 2024. Hence the reported variance of Kshs.159,605,565. |                        | with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and<br>2. The Committee recommends that the Ethics and Anti-Corruption Commission (EACC) should |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                         | Timelines |
|                              |          |                         |                     |                        | investigate the unexplained variances of Kshs.478,485,041 in reported pending bills and Kshs.159,605,565 in settled bills, which is a misstatement of accounts payables and possible financial misconduct within the County Executive to check if there is any evidence of fraud, |           |

| SUMMARY OF UNRESOLVED ISSUES                        |                                                                                         |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                      |                                                       |                                                                                                                                                                                                    |                                                         |
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| Audit Query                                         | Criteria                                                                                | Audit Finding/Key issue                                                                                                                                                                                     | Management Response                                                                                                                                                                                                                                  | Committee Observations                                | Committee Recommendations                                                                                                                                                                          | Timelines                                               |
|                                                     |                                                                                         |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                      |                                                       | manipulation, or deliberate misreporting and cause prosecution of the responsible officer(s).                                                                                                      |                                                         |
| 4.<br><b>Unreconciled Related Entities Balances</b> | Regulation 22(c) of the Public Finance Management (County Government) Regulations, 2015 | Included in the balance are pending bills of Kshs.724,964,162 owed to Kenya Power Company. However, records at Kenya Power Company reflects a receivable balance of Kshs.2,730,901,603 as at 30 June, 2024. | KPLC claimed Kshs.2,730,901,603 from Nairobi City County Government. Kenya Power and NCCG conducted a joint physical verification of metering points and both parties thereafter agreed on a debt of Kshs.1,515,000,000. It was later confirmed that | Correspondences on the matter have not been provided. | The Committee recommends that:<br>1. that all County Government's pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                |                        |                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                            | Committee Observations | Committee Recommendations                                                                                                                                                                                          | Timelines |
|                              |          |                         | between December 2020 and November 2022, the defunct Nairobi Metropolitan Services (NMS) had on behalf of Nairobi City County Government paid KPLC an additional Kshs.706,800,736.35 . Hence the stated amount of Kshs.724,964,162 is accurate |                        | by the end of the financial year 2025/2026;<br>and<br>2. Resolves that-<br>i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                             |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                   | Timelines |
|                              |          |                         |                     |                        | <p>Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                  |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                        | Timelines |
|                              |          |                         |                     |                        | <p>subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                 |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                       | Timelines |
|                              |          |                         |                     |                        | g<br>exchequer<br>r<br>releases;<br>iii. County<br>Governments shall<br>only pay<br>pending<br>Bills<br>contained in their<br>respective<br>e<br>procurement plans<br>pursuant<br>to<br>Regulation 50 (2)<br>& (3) of<br>the<br>Public<br>Finance<br>Management |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                             |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                   | Timelines |
|                              |          |                         |                     |                        | (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>estimates ;</p> <p>v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                 |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                       | Timelines |
|                              |          |                         |                     |                        | <p>until completion of the existing projects; and</p> <p>vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB)</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | <p>shall not approve the supplementary budgets.</p> <p>3. To ensure accuracy and transparency in financial reporting, Kenya Power and Lighting Company (KPLC) and the Nairobi County Government must establish a structured, periodic reconciliation framework</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                        |                                                                                                        |                                                                                                                                                                              |                                                                                                                                                                                        |                                                                                                                                        |                                                                                                                                           |                                                         |
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| Audit Query                                         | Criteria                                                                                               | Audit Finding/Key issue                                                                                                                                                      | Management Response                                                                                                                                                                    | Committee Observations                                                                                                                 | Committee Recommendations                                                                                                                 | Timelines                                               |
|                                                     |                                                                                                        |                                                                                                                                                                              |                                                                                                                                                                                        |                                                                                                                                        | —conducted monthly or at minimum quarterly—to verify and align all financial transactions and outstanding balances between both entities. |                                                         |
| <b>5. Long Outstanding Pending Accounts Payable</b> | Regulation 25 and Regulation 41 of the Public Finance Management (County Government) Regulations, 2015 | Management did not maintain an ageing analysis of the pending bills.<br><br>Further, analysis of total County receipts of Kshs.31,006,479,217 against total pending bills of | The County executive debt register has aged all the debts and the aging analysis report has since been provided to the auditors.<br>Of the 98 billion, old government guaranteed loans | The Committee observed that the county had pending bills that had been outstanding for several years. Further, the entity continued to | The Committee recommends that:<br>1. that all County Government's pay verified pending bills amounting to less than Ksh. 1 billion by the | Within sixty (60) days from the adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                           |                                                                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                     | Management Response                                                                                                                                                                                                                                                                                                                                                                                         | Committee Observations                                                                                                                                                                                                    | Committee Recommendations                                                                                                                                                                                                             | Timelines |
|                              |          | Kshs.118,794,238,631 revealed that in order to clear the pending bills, the County Executive might have to halt services to Nairobi citizens for over three (3) consecutive years, as the debt is 383% of the total receipt for the County. | amounting to Kshs 21 billion which the county government has written to the National Treasury to write them off and LapFund debts amounting to Kshs.27 billion, the court expunged the whole amount but there was a consent between Nairobi City County and LapFund of Kshs.8 billion out of which Kshs.800million was paid in financial year 2023-2024. Currently we owe the Fund around Kshs.7.4 billion. | incur further bills without prioritizing payment of verified pending bills as a first charge in the subsequent financial year as required by law with the result that pending bills still keep on accumulating over time. | end of this financial year and those above Ksh.1 billion by the end of the financial year 2025/2026;<br>2. Resolves that-<br>i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governm |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>ents)<br/> Regulations,<br/> 2015,<br/> County<br/> Governments<br/> prepare<br/> and<br/> submit to<br/> the<br/> Controller<br/> r of<br/> Budget, a<br/> payment<br/> plan,<br/> prioritizing<br/> payment<br/> of<br/> pending<br/> bills as a<br/> first<br/> charge<br/> on the<br/> County</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                      | Timelines |
|                              |          |                         |                     |                        | Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>inherited pending bills when approving exchequer releases;</p> <p>iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                               |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                     | Timelines |
|                              |          |                         |                     |                        | the Public Finance Management (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocation |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | ns out of the approved budget estimates ;<br>v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>of new projects to cease until completion of the existing projects; and</p> <p>vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller</p> |           |

| SUMMARY OF UNRESOLVED ISSUES        |                                                                                                        |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                    |                                                                           |                                                                                                                                                                                                      |                                                         |
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| Audit Query                         | Criteria                                                                                               | Audit Finding/Key issue                                                                                                                                                                                   | Management Response                                                                                                                                                                                                                                                                | Committee Observations                                                    | Committee Recommendations                                                                                                                                                                            | Timelines                                               |
|                                     |                                                                                                        |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                    |                                                                           | r of Budget (CoB) shall not approve the supplementary budgets.                                                                                                                                       |                                                         |
| <b>6. Undisclosed Pending Bills</b> | Regulation 25 and Regulation 41 of the Public Finance Management (County Government) Regulations, 2015 | A total of Kshs.791,013,848 in pending bills was not reported. This amount related to outstanding payment to three suppliers; Kshs.2,026,320 due to the Cooperative University of Kenya, Kshs.249,429,979 | The verification of the above debts had not been verified at the time of the audit review and therefore the debt register had not been updated. However, the County executive is geared towards verifying all County debts. The County treasury will update the debt register upon | The Committee observed that the county had not updated the Debt register. | The Committee recommends that;<br>1. County Government s to take note of judgement in a Kitale High Court Constitutional Petition E003 of 2023 that declared formation of pending bills verification | Within sixty (60) days from the adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                                                                                                      |                                   |                        |                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                                                                                              | Management Response               | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                          | Timelines |
|                              |          | <p>due to Techno Brain for breach of contract for supply, installation, configuration, customization, testing, commissioning and maintenance of an Integrated City Revenue Management System (ICMS) and Kshs.539,557,549 due to Hardi Enterprise Ltd being principal and interest amount after a Court ruling on</p> | <p>conclusion of the exercise</p> |                        | <p>committees unconstitutional and engage Office of the OAG and strengthen the internal audit functions;</p> <p>2. All valid pending bills that have been reviewed by the OAG be paid and a payment plan be submitted to the county assemblies for approval and progress report on implementat</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                                                                       |                     |                        |                                                                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                                                               | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                               | Timelines |
|                              |          | <p>breach of contract for hire of heavy equipment and vehicles.</p> <p>County Executive had not disclosed all pending legal costs and the County Attorney explained that the process of assessing the pending bills is ongoing since some of the costs are as old as from 1980's.</p> |                     |                        | <p>ion sent to the Senate and the Office of the Controller of Budget; and</p> <p>3. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government )</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                                              |                                                                                       |                                                                                                                                      |                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             |                                                                                                                                                                                                                                       |            |
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| Audit Query                                                               | Criteria                                                                              | Audit Finding/Key issue                                                                                                              | Management Response                                                                                                                                                                                                                                              | Committee Observations                                                                                                                                                                      | Committee Recommendations                                                                                                                                                                                                             | Timelines  |
|                                                                           |                                                                                       |                                                                                                                                      |                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             | Regulations, 2015.                                                                                                                                                                                                                    |            |
| <b>Emphasis of matter</b>                                                 |                                                                                       |                                                                                                                                      |                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             |                                                                                                                                                                                                                                       |            |
| <b>1. Over and Under Expenditure of Items in the Financial Statements</b> | Regulation 50 of the Public Finance Management (County Governments) Regulations, 2015 | There was an Underfunding of Kshs.10,415,459,672 or 25% of the budget and under-utilization of Kshs.333,607,032 or 1% of the budget. | Management recognizes the underfunding of the Budget by 25% during the financial year. The factors that explained the underfunding of the budget includes the following: -<br>The County did not achieve the projected revenue targets during the financial year | The Committee observed that the County may have set unrealistic revenue targets. Expenditure commitments were not controlled within the budgetary allocation and the reallocations were not | 1) The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the | Continuous |

| SUMMARY OF UNRESOLVED ISSUES                             |                                                                     |                                                                                                  |                                                                                                                              |                                                                         |                                                                                                                                                                                            |            |
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| Audit Query                                              | Criteria                                                            | Audit Finding/Key issue                                                                          | Management Response                                                                                                          | Committee Observations                                                  | Committee Recommendations                                                                                                                                                                  | Timelines  |
|                                                          |                                                                     |                                                                                                  |                                                                                                                              | approved with justifications                                            | Public Finance Management Act, 2012; and<br>2) The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls. |            |
| <b>2. Commitments Over and Above the Approved Budget</b> | Regulation 50 of the Public Finance Management (County Governments) | The County committed an additional Kshs.23,073,505,916 which translates to total expenditure and | Although the reported total commitments for the year amounted to Kshs.23,073,505,916 as highlighted above, these were manual | The Committee noted that the Expenditure commitments were no controlled | The Committee recommends that; -<br>1. The National Treasury should ensure the                                                                                                             | Continuous |



| SUMMARY OF UNRESOLVED ISSUES |                   |                                                                                                                                                                              |                                                                                                                                                                                         |                                  |                                                                                                                                                                                                                                                                      |           |
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| Audit Query                  | Criteria          | Audit Finding/Key issue                                                                                                                                                      | Management Response                                                                                                                                                                     | Committee Observations           | Committee Recommendations                                                                                                                                                                                                                                            | Timelines |
|                              | Regulations, 2015 | commitments for the year of Kshs.54,611,376,045. This implies that the County overspent /committed a total amount of Kshs.12,324,439,212 over and above the approved budget. | adjustment in the debt register of historical pending bills and not actual budget commitments during the year under review. The IFMIS cannot allow commitments beyond budgeted amounts. | within the budgetary allocation. | timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.<br>2. The county Executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls. |           |



| SUMMARY OF UNRESOLVED ISSUES    |                                                            |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                      |                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                              |            |
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| Audit Query                     | Criteria                                                   | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                                                       | Management Response                                                                                                                                                                                                  | Committee Observations                                                                                                                                                                                      | Committee Recommendations                                                                                                                                                                                                                                                                                    | Timelines  |
| <b>4 Contingent Liabilities</b> | Section 107(2) of the Public Finance Management Act, 2012. | The County had been subjected to several legal claims incidental to its operations and whose outcome and possible loss may not be foreseen or quantified. In the event that those contingent liabilities crystalize, the County may be exposed to huge cash outlay which may affect its ability to meet its obligations when they fall due, thus impacting on | The Office of the County Attorney (OCA) has endeavored to come up with a contingent liability register for the ongoing cases where the external advocates have been engaged to handle cases on behalf of the county. | The committee notes that the Numerous litigations against the County is an indictment on the County. Therefore, Management should look into the matters leading to litigation and take corrective measures. | 1) The County Executive makes a provision in its budget for contingent liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015; and<br>2) The County Executive utilizes the Office of the County Attorney to provide legal | Continuous |

| SUMMARY OF UNRESOLVED ISSUES                       |                                                                                             |                                                                                                                           |                                                                                                                                                                           |                                                                                                |                                                                                                                                                            |            |
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| Audit Query                                        | Criteria                                                                                    | Audit Finding/Key issue                                                                                                   | Management Response                                                                                                                                                       | Committee Observations                                                                         | Committee Recommendations                                                                                                                                  | Timelines  |
|                                                    |                                                                                             | service delivery capacity.                                                                                                |                                                                                                                                                                           |                                                                                                | advice and court representation. The county should provide evidence of compliance with the County Attorneys Act within 60 days of adoption of this report. |            |
| <b>5 Low Absorption of Development Expenditure</b> | Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015 | Actual development expenditure amounting to Kshs.2,733,867,951 which represents 9% of the total expenditure for the year. | Nairobi City County is service oriented county where bulk of the monies are incurred in payment of non-discretionary expenditures. It is important to note that personnel | The Committee noted that delays in receiving exchequer releases from the National Treasury and | The Committee recommends that:<br>1. the National Treasury should ensure the timely release of                                                             | Continuous |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                        |                                                                                                               |                                                                                                                                                                                                                                                     |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                    | Committee Observations                                                                                        | Committee Recommendations                                                                                                                                                                                                                           | Timelines |
|                              |          |                         | emoluments take up the entire county's equitable share | under-collection of own source revenue hindered optimal program implementation and effective budget execution | funds to county governments in line with the cash disbursement schedules approved by the Senate; and 2. The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls. |           |

| SUMMARY OF UNRESOLVED ISSUES    |                                                                                                |                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                             |                                                                                                                                                                                                   |                                                         |
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| Audit Query                     | Criteria                                                                                       | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                                | Management Response                                                                                                                                                                                                                                                                                       | Committee Observations                                                                                                                                                                      | Committee Recommendations                                                                                                                                                                         | Timelines                                               |
| 6 Unresolved Prior Year Matters | Section 31(a) of the Public Audit Act, 2015<br><br>Reporting requirements as provided by PSASB | In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2024 | Management has come up with an audit implementation matrix where Auditors recommendations as highlighted in the Management Letter are addressed and implemented. Management also relies on Internal Auditors reports to improve on internal control weaknesses and manage risks identified in the reports | The Committee noted that the Implementation matrix of the recommendations has not been shared to allow for follow up on senate recommendations and implementation of the same by Management | The Committee recommends that:<br>1) The County Executive should implement the Senate recommendations in the Auditor General's report for the Financial Year 2018/2019 adopted by the Senate; and | Within sixty (60) days from the adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                         | Timelines |
|                              |          |                         |                     |                        | 2) the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 |           |



| SUMMARY OF UNRESOLVED ISSUES                                          |                                 |                                                                                                                                                                                                       |                                                                       |                                                                                            |                                                                                                                                                                                                                                                      |                                                         |
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| Audit Query                                                           | Criteria                        | Audit Finding/Key issue                                                                                                                                                                               | Management Response                                                   | Committee Observations                                                                     | Committee Recommendations                                                                                                                                                                                                                            | Timelines                                               |
|                                                                       |                                 |                                                                                                                                                                                                       |                                                                       |                                                                                            | days of the adoption of this report.                                                                                                                                                                                                                 |                                                         |
| REPORT ON LWAFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES |                                 |                                                                                                                                                                                                       |                                                                       |                                                                                            |                                                                                                                                                                                                                                                      |                                                         |
| 7 <b>Lack of Substantive County Secretary</b>                         | The County Government Act, 2012 | As at the time of audit in November, 2024, the County Secretary's Office did not have a substantive office holder. Further, the officer in acting position continued acting for more than six months. | The County Public Service Board is yet to advertise for the position. | The Committee observed that the position has not been advertised and filled competitively. | The Committee recommends that the County Public Service Board (CPSB) immediately advertises the vacant positions, conducts a transparent and competitive recruitment process, and appoint qualified individuals to fill the positions permanently in | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES                     |                                                            |                                                                                                                  |                                                                                               |                                                                                  |                                                                                                                                                                                                                            |           |
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| Audit Query                                      | Criteria                                                   | Audit Finding/Key issue                                                                                          | Management Response                                                                           | Committee Observations                                                           | Committee Recommendations                                                                                                                                                                                                  | Timelines |
|                                                  |                                                            |                                                                                                                  |                                                                                               |                                                                                  | compliance with the law to ensure that all acting appointments are regularized within the stipulated timeframe and submit a status update to the Auditor General and the Senate within 60 days of adoption of this report. |           |
| <b>8 Irregular Engagem ent of Casual Workers</b> | Sections 66, 67 and 68 of the County Governments Act, 2012 | The County Executive engaged revenue casual workers on a contract of service for a period of 3-months renewable. | Authority to hire casuals is sought from the County Public Service Board upon determining the | The Committee observed that the workforce of the County and its cost implication | 1. The County Governor should ensure that casual workers are engaged in line with the relevant laws                                                                                                                        |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                               |                                                  |                                                                                                                                                                                                                                                                                                                                                                      |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                      | Management Response                                                                                                                                                                                                                                                                                                                                           | Committee Observations                           | Committee Recommendations                                                                                                                                                                                                                                                                                                                                            | Timelines |
|                              |          | However, casuals' personal records were not maintained by the Human Resource Directorate to indicate how they were recruited and on-boarded. | nature of work and budgetary provision. Preference is given to the local labor for ease of service delivery and movement within the project area. Before recruitment a meeting is held with the local administration where the bio data of the casuals is captured together with their skills. Attached please find the correspondences used for recruitment. | has not complied with the fiscal ceiling of 35%. | and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report;<br>2. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), responsible for Public Service to develop uniform rules and policies to provide guidance and clarity to county |           |

| SUMMARY OF UNRESOLVED ISSUES                    |                             |                                                                                                        |                                                                                                               |                                                                     |                                                                                                                                                                                                                           |                                          |
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| Audit Query                                     | Criteria                    | Audit Finding/Key issue                                                                                | Management Response                                                                                           | Committee Observations                                              | Committee Recommendations                                                                                                                                                                                                 | Timelines                                |
|                                                 |                             |                                                                                                        |                                                                                                               |                                                                     | governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and the Auditor General to monitor the matter in the subsequent audit cycle. |                                          |
| <b>9 Irregular Payment of Salary to Dismiss</b> | Human Resource Policy, 2016 | i. Thirteen (13) staff dismissed were irregularly paid salary backdated for a period of up to 2 years. | Management acknowledges the delay in salary stoppage caused by unauthorized absence which normally results in | The Committee observed that the County's Disciplinary policy is yet | The Committee recommends that:<br>1. The County Executive should immediately                                                                                                                                              | Within sixty (60) days from the adoption |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                            |                                                                                                                                                                                                                                                                                                                                                          |                        |                                                                                                                                                                                                                                    |                |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                    | Management Response                                                                                                                                                                                                                                                                                                                                      | Committee Observations | Committee Recommendations                                                                                                                                                                                                          | Timelines      |
| sed Staff                    |          | ii. The County Executive did not have a disciplinary policy to guide the Management of disciplinary cases. | over payment. The delay is normally caused by delays by immediate supervisor in reporting any unauthorized absence by an employee within 24 hours. This delay has been noted by the county Human Resource Management Advisory Committee (CHRMAC) in their meeting of 8th October 2024, the committee recommended to the County Public Service Board that | to come into effect.   | halt all irregular salary payments made outside the Integrated Personnel and Payroll Database (IPPD) system and conduct a forensic audit to verify the legitimacy of the Kshs.146,277,985 disbursed to former Nairobi Metropolitan | of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                        |                        |                                                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                                    | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                               | Timelines |
|                              |          |                         | <p>where a supervisor delays in reporting staff on unauthorized absence and the officer is dismissed, the supervisor shall be surcharged the entire amount the over payment.<br/>(copy of the extract of CHRMAC Minutes attached)<br/>Appendix 1.4</p> |                        | <p>Services (NMS) staff;<br/>2. All unauthorized recruitments of 2,499 employees by NMS—which violated Sections 5.6 and 5.7 of the Deed of Transfer—should be investigated by the Ethics and Anti-Corruption Commission (EACC) to determine culpability and recover</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                      | Timelines |
|                              |          |                         |                     |                        | <p>any misused funds;</p> <p>3. The County must enforce strict compliance with payroll systems (IPPD) and transfer protocols, while the Office of the County Governor undertakes administrative action against the responsible officer(s) for these breaches and provide a</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                    |                                                                                                                                              |                                                                                                                                                                                                                                                |                                                                                                                                                                                |                                                                                                                                                             |                                                                                                                                                         |                                                 |
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| Audit Query                                     | Criteria                                                                                                                                     | Audit Finding/Key issue                                                                                                                                                                                                                        | Management Response                                                                                                                                                            | Committee Observations                                                                                                                                      | Committee Recommendations                                                                                                                               | Timelines                                       |
|                                                 |                                                                                                                                              |                                                                                                                                                                                                                                                |                                                                                                                                                                                |                                                                                                                                                             | status update to the Office of the Auditor General within 60 days of adoption of this report.                                                           |                                                 |
| <b>10 Irregular Recruitment of County Staff</b> | Regulation 25 of the Public Finance Management (County Governments) Regulations, 2015 and Section 65 (2) of the County Governments Act, 2012 | The County Executive recruited three thousand eight hundred and thirty-four (3,834) staff within the financial year under review. However, the recruitment was not supported with a recruitment plan, advertisement, long list and shortlists, | The officer possesses the following skills: - master's in business administration, BSc in information/System, Advanced Diploma (IAD) KCCT Mbagathi (2005), Diploma IMIS (2004) | The Committee observed that the annual recruitment plan has not been developed, which must be in line with the staff establishment with the result that the | The Committee recommends that;<br><br>1. The County Executive must immediately cease all irregular recruitment practices and ensure strict adherence to | Within 90 days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                   |                                                                                          |                                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                       | Management Response                                                                                                                                                                                                                                                                                                                               | Committee Observations                                                                   | Committee Recommendations                                                                                                                                                                                                                               | Timelines |
|                              |          | <p>interview reports and score sheets. Officers were appointed despite lacking academic qualifications and other requirements</p> <p>Recruitment was done for cadres that could not be traced in the staff establishment,</p> | <p>The officer had the relevant qualification as per the indents. Strategic Leadership Development Course (SLPD) was not a mandatory requirement as per the advertisement and PSC, 2020 guidelines.</p> <p>The officer possesses the following qualification: - Bachelor of Science in Information Technology KCA University 2014, Diploma in</p> | <p>County is not cognizant of the fiscal responsibilities as regards employee costs.</p> | <p>established public service guidelines in all future hiring processes with all the subsequent recruitments being supported by; duly approved recruitment plan aligned with existing vacancies in the staff establishment, public advertisement of</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                               |                        |                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                           | Committee Observations | Committee Recommendations                                                                                                                                                                                                               | Timelines |
|                              |          |                         | information Technology<br>K.N.E.C, Certificate in Micro-Computer Technology Part I and II, N+ |                        | positions, proper documentation of long lists, shortlists, interview reports and score sheets, and thorough verification of candidates' academic qualifications and professional experience against the scheme of service requirements; |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | <p>2. The County Public Service Board should implement mandatory pre-recruitment clearance procedures to confirm vacancy existence in the establishment before initiating any hiring process.</p> <p>3. the County should conduct a comprehens</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                  |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                        | Timelines |
|                              |          |                         |                     |                        | ive staff audit within 90 days to validate all 3,834 recruitments and revoke appointments of all unqualified personnel (particularly the highlighted cases of Directors and Assistant Directors lacking required qualifications and experience). |           |

| SUMMARY OF UNRESOLVED ISSUES                  |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                        |                                                                                          |                                                                                                                                              |                                                                                                                                                                                                                                                               |                                                         |
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| Audit Query                                   | Criteria                                                                                                                                                                                                                                                                            | Audit Finding/Key issue                                                                                                                                                                | Management Response                                                                      | Committee Observations                                                                                                                       | Committee Recommendations                                                                                                                                                                                                                                     | Timelines                                               |
| <b>11 Late Remittance of Staff Deductions</b> | Review of the payment vouchers provided revealed the County Executive paid Kshs.100,000,000 being payment of unremitted staff deductions to NCCG third parties and staff pension contribution. In addition, the County Executive incurred Kshs.100,000,000 in respect of payment to | During the year under review, the county paid all statutory deductions in full while paying staff salaries. The above mentioned payments related to pending bills from previous years. | The payments relate to pending bills from prior years.<br><br>Issue partially addressed. | The Committee observed Staff deductions were not remitted upon deduction whereas the failure to remit is punishable by law or attract a fine | The Committee recommends that;<br>1. The county Executive should disclose all pending bills in the format prescribed by the Public Sector Accounting Standards Board;<br>2. the KRA should cease imposing penalties on counties for late statutory deductions | Within sixty (60) days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                                                                 |                         |                     |                        |                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Criteria                                                                                                                                                        | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                              | Timelines |
|                              | Kenya Revenue Authority being payment for tax arrears.<br>However, it was not established why the County had failed to remit the deductions when they fell due. |                         |                     |                        | remittances as it is caused by late exchequer releases from the National Treasury;<br>3. The Office of the County Governor undertakes administrative action against the officer(s) responsible for non-remittance of statutory deductions and provides a status report |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                         | Timelines |
|                              |          |                         |                     |                        | <p>to the Committee within sixty (60) days from the adoption of this report;</p> <p>4. the National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate to enable county entities to</p> |           |

| SUMMARY OF UNRESOLVED ISSUES  |                                           |                                                |                                                |                             |                                                                                                                                                                                                                                         |                   |
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| Audit Query                   | Criteria                                  | Audit Finding/Key issue                        | Management Response                            | Committee Observations      | Committee Recommendations                                                                                                                                                                                                               | Timelines         |
|                               |                                           |                                                |                                                |                             | <p>settle their obligations on time; and</p> <p>5. the county executive puts measures to enhance its generated revenue to meet its revenue target and address revenue shortfalls that contribute to the challenge of pending bills.</p> |                   |
| <b>12 Non-Compliance with</b> | Regulation 25(1)(a) and (b) of the Public | Compensation of employee expenditure totalling | Non-compliance with fiscal responsibility is a | The Committee observed that | deems it so.<br>1. The management should strictly                                                                                                                                                                                       | Within sixty (60) |

| SUMMARY OF UNRESOLVED ISSUES            |                                                           |                                                                                               |                                                                                           |                                                                                |                                                                                                                                                                                                                                                                                                                                            |                                       |
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| Audit Query                             | Criteria                                                  | Audit Finding/Key issue                                                                       | Management Response                                                                       | Committee Observations                                                         | Committee Recommendations                                                                                                                                                                                                                                                                                                                  | Timelines                             |
| <b>Fiscal Responsibility Principles</b> | Finance Management (County Governments) Regulations, 2015 | Kshs.17,290,337,584 represents approximately 56% of the total revenue of Kshs.31,006,479,217. | historical issue carried over from Defunct City Council whereby before constitution 2010. | the County did not adhere to the Fiscal Responsibility Principle on Wage Bill. | adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue;<br>2. the county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap; and | days from the adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | The management should provide to the Auditor General a status report of measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report. |           |

| SUMMARY OF UNRESOLVED ISSUES                                   |                                                                                          |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                  |                                                         |
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| Audit Query                                                    | Criteria                                                                                 | Audit Finding/Key issue                                                                                                                                                                  | Management Response                                                                                                                                                                                                                                                                                                                                        | Committee Observations                                                                                                                                                                                                                                              | Committee Recommendations                                                                                                                                                                                                                                                        | Timelines                                               |
| <b>13     Fail<br/>ure to<br/>Settle<br/>Pending<br/>Bills</b> | Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 | Pending accounts payable totalling Kshs.118,794,238,631 remained unsettled despite the County Executive having unspent funds amounting to Kshs.1,478,245,241 in the County Revenue Fund. | The last disbursement of 2023/2024 equitable share was received on 26 <sup>th</sup> July 2024 long after we had closed the financial year even after extension by two weeks in July 2024. Invoicing of new payments in IFMIS is restricted up to 30 <sup>th</sup> June of every financial year. Therefore, no invoicing could be carried out in July 2024. | The committee observes that No evidence was provided to show that the pending bills formed a first charge. In addition, the Accounting officer did not put in place stricter restriction on procurement by ensuring that they are initiated only after confirmation | The Committee therefore recommends that:<br>1. That all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and<br>2. Resolves that- | Within sixty (60) days from the adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                          |                                                                                                                                                                                                                                                                                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations   | Committee Recommendations                                                                                                                                                                                                                                                                 | Timelines |
|                              |          |                         |                     | of availability of funds | i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                              | Timelines |
|                              |          |                         |                     |                        | Revenue Fund, failure to which the subsequent quarter budget releases will not be done;<br>ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;<br>iii. County Governments shall only pay |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                                 | Timelines |
|                              |          |                         |                     |                        | <p>pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public Finance Management (County Governments) Regulations; iv.</p> <p>Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                         | Timelines |
|                              |          |                         |                     |                        | of the approved budget estimates;<br>v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and<br>vi. County governments shall conduct public |           |

| SUMMARY OF UNRESOLVED ISSUES  |                                                                                          |                                                                                                                                                |                                                                                                                                                      |                                                                                 |                                                                                                                                                     |           |
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| Audit Query                   | Criteria                                                                                 | Audit Finding/Key issue                                                                                                                        | Management Response                                                                                                                                  | Committee Observations                                                          | Committee Recommendations                                                                                                                           | Timelines |
|                               |                                                                                          |                                                                                                                                                |                                                                                                                                                      |                                                                                 | participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets. |           |
| <b>14 Pending Legal Costs</b> | Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 | Four (4) Advocates out of the total pending legal cases, are owed a total of Kshs.6,269,546,657 which is 29% of the total pending legal fee of | the office of the county attorney pursuant to the recommendation of the committee which was appointed by the H.E the Governor to look into the legal | The County should limit hiring of outside Counsel and utilize in-house Counsel, | 4. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to                            |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                 |                                                                                                                                                                                                                                                                                                                                                                               |                                                                              |                                                                                                                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                         | Management Response                                                                                                                                                                                                                                                                                                                                                           | Committee Observations                                                       | Committee Recommendations                                                                                                                                                                                                                                                                         | Timelines |
|                              |          | Kshs.21,371,004,293 which is 11% of the total pending billings. | <p>pending bills established an assessment committee to assess and reassess the fee notes</p> <p>The committee in its report during the year under review assessed and reassessed fee notes which had been presented totaling to Ksh19,554,805,263.12 which after assessment and reassessment was reduced to Ksh3,569,524,268.85</p> <p>Pending bills relating to decrees</p> | <p>which is more cost effective. Review of the legal costs still ongoing</p> | <p>regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.</p> <p>5. The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation and should provide evidence of compliance with the County Attorneys</p> |           |

| SUMMARY OF UNRESOLVED ISSUES             |                                                                                          |                                                                                                                                                                                                  |                                                                                                                                                                                      |                                                                                                                                 |                                                                                                                     |                                           |
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| Audit Query                              | Criteria                                                                                 | Audit Finding/Key issue                                                                                                                                                                          | Management Response                                                                                                                                                                  | Committee Observations                                                                                                          | Committee Recommendations                                                                                           | Timelines                                 |
|                                          |                                                                                          |                                                                                                                                                                                                  | against the county is largely attributed to inadequate budgetary allocation for the purpose hence the escalation of interests and penalties as ordered by courts.                    |                                                                                                                                 | Act within 60 days of the adoption of this report.                                                                  |                                           |
| <b>15 Non-Settlement of Payments Due</b> | Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 | An expenditure amounting to Kshs.180,712,573 in respect of interest and penalties awarded to a garbage contractor by High Court of Kenya for non-payment of Kshs.358,844,976 with an interest of | The amounts queried are in relation to HCC NO E140 OF 2020; HARDI ENTERPRISES LTD-VS-NAIROBI CITY COUNTY<br>In the matter, the plaintiff sued the County with regard to contract No. | The committee observed that the debt is still outstanding.<br><br>Relevant documents in support of the above are as underlisted | The Committee recommends that;<br><br>1. The County Executive should implement robust measures to prevent avoidable | within 60 days of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                                       |                                                                                                                                                                                            |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                 | Management Response                                                                                                                                                                                                                                                                                                                                  | Committee Observations                | Committee Recommendations                                                                                                                                                                  | Timelines |
|                              |          | <p>12% at commercial rate.</p> <p>This cost could have been avoided had Management put in place prudent public finance management controls in payment of pending bills and by honoring court orders</p> | <p>NCC/WEFE and NR/DP/276/2017-2018 Hire of Heavy Equipment and Vehicles (service).</p> <p>The Plaintiff alleged that the Contractual Services were valued at Kshs 948,986,822.13 between 5th July 2018 and 4th July 2018 and of which the County Settled Kshs.590,141,916.55 leaving an outstanding balance of Kshs.358,844,975.58 which is the</p> | <p>and contained in Annexure 2.3.</p> | <p>interest and penalties, including :</p> <p>establishing a Pending Bills Settlement Unit to prioritize and expedite valid payments before disputes escalate to litigation, enforcing</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                                                                                                         |                        |                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                                                                                                                     | Committee Observations | Committee Recommendations                                                                                                                                                             | Timelines |
|                              |          |                         | <p>subject matter of the suit.</p> <p>Judgment was entered against the County for the Sum of Kshs 358,844,975.58 and interest at commercial rates from 4th July 2018 until Payment in full.</p> <p>Relevant documents in support of the above are as underlisted and contained in Annexure 2.3.</p> <p>1. Memo dated 5th July 2021.</p> |                        | <p>strict contract management protocols, including timely invoice processing and dispute resolution mechanisms, developing a tracking system for court-awarded payments to ensure</p> |           |



| SUMMARY OF UNRESOLVED ISSUES                           |                                                                                          |                                                                                                                                      |                                                                                                                                                                                       |                        |                                                                                                                                                                                             |           |
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| Audit Query                                            | Criteria                                                                                 | Audit Finding/Key issue                                                                                                              | Management Response                                                                                                                                                                   | Committee Observations | Committee Recommendations                                                                                                                                                                   | Timelines |
|                                                        |                                                                                          |                                                                                                                                      | 2. Letter dated 11th March 2022.<br>3. Letters dated 2nd March 2022.<br>4. Memo dated 22nd November 2022.<br>5. Letter dated 14th December 2022.<br>6. Memo dated 16th December 2022. |                        | compliance with judgments and avoid accruing additional interest;<br>2. The County Executive makes a provision in its budget for contingency liability in respect of legal fees pursuant to |           |
| <b>16 Non-Payment of Dues Arising from Court Award</b> | Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 | Kshs.10,080,000 incurred as interest for delayed payment. This loss would have been avoided had Management honored the court orders. | Non-payment was due to cash flow constraints. The county is committed to honouring all its debts when funds are available.                                                            |                        |                                                                                                                                                                                             |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015; and</p> <p>3. The County Executive utilizes the Office of the County Attorney to provide legal advice</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | and court representation. The county should provide evidence of compliance with the County Attorneys Act within 60 days of adoption of this report |           |

| SUMMARY OF UNRESOLVED ISSUES |                                                                                         |                                                                                                        |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                            |                                                                                                                                                                                                                                                                                  |           |
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| Audit Query                  | Criteria                                                                                | Audit Finding/Key issue                                                                                | Management Response                                                                                                                                                                                                                                                                                         | Committee Observations                                                                                                                                                     | Committee Recommendations                                                                                                                                                                                                                                                        | Timelines |
| 17 Irregular Pending Bills   | Regulation 93(4)(d) of Public Finance Management (County Governments) Regulations, 2015 | Kshs.176,741,698 was due to County Executive staff in relation to domestic and subsistence allowances. | The County employees from all sectors were engaged in various work-related activities during the period under review. Such duties/assignments required employee compensation prior to attendance. However, the County Executive was unable to compensate the employees on time due to cash flow constraints | The committee observed that the Accounting officer had accumulate irregular staff pending bills on in-valid claims on domestic allowances. The amount is still outstanding | The Committee therefore recommends that:<br>1. That all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and<br>2. Resolves that- |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                 | Timelines |
|                              |          |                         |                     |                        | i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                             | Timelines |
|                              |          |                         |                     |                        | <p>Revenue Fund, failure to which the subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;</p> <p>iii. County Governments shall only pay</p> |           |



| SUMMARY OF UNRESOLVED ISSUES                                                |          |                                                                                                                                                                                 |                                                                                                                                                                        |                                                                                                           |                                                                                                                                                                      |                                                  |
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| Audit Query                                                                 | Criteria | Audit Finding/Key issue                                                                                                                                                         | Management Response                                                                                                                                                    | Committee Observations                                                                                    | Committee Recommendations                                                                                                                                            | Timelines                                        |
|                                                                             |          |                                                                                                                                                                                 |                                                                                                                                                                        |                                                                                                           | pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations. |                                                  |
| <b>18 Failure to Provide Support for Bursary and Scholarship Applicants</b> |          | Management did not provide Wards Bursary Committees deliberations minutes that stipulated their recommendations for individual vetted cases and a list of the vetted applicants | Wards bursary committee's deliberations and minutes stipulating their recommendations for individual vetted cases and a list of the vetted applicants forwarded to the | The committee observed that Committee deliberation minutes were not readily available for verification by | The Committee recommends that;<br><br>1. The County Executive should implement corrective                                                                            | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                         |                                                                                                                          |                                                                                     |                                                                                                                                                                                                   |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                 | Management Response                                                                                                      | Committee Observations                                                              | Committee Recommendations                                                                                                                                                                         | Timelines |
| <b>ations Vetting</b>        |          | and some scholarship forms for the successful applicants did not have the committee's recommendations and Head Teacher's recommendations as required by the guidelines. | executive Scholarships and Bursary processing committee are hereby attached marked appendix A (Ward Committees Minutes). | interested parties Except that appointment letters for the committee were provided. | measures to ensure transparency and accountability in the administration of bursaries and scholarships by establishing a centralized digital database to track all applicants, beneficiaries, and |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                               |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                     | Timelines |
|                              |          |                         |                     |                        | <p>disbursements, ensuring proper documentation of committee recommendations and Head Teachers' endorsements;</p> <p>2. The County Executive management should ensure submission of Wards</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                  |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                        | Timelines |
|                              |          |                         |                     |                        | Bursary Committees' minutes and vetting reports for all awarded cases, with clear justifications for each beneficiary selection, conduct an audit to reconcile the Kshs.3,700,615 in unaccounted |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                          | Timelines |
|                              |          |                         |                     |                        | scholarship recommendations and recover any misallocated funds and publicly publish beneficiary lists with eligibility criteria to allow for community scrutiny and feedback and provides a status |           |



| SUMMARY OF UNRESOLVED ISSUES                                               |          |                                                                                                                                                                                 |                                                                                                                                                                                                                    |                                                                                                                    |                                                                                                                                                    |                                                  |
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| Audit Query                                                                | Criteria | Audit Finding/Key issue                                                                                                                                                         | Management Response                                                                                                                                                                                                | Committee Observations                                                                                             | Committee Recommendations                                                                                                                          | Timelines                                        |
|                                                                            |          |                                                                                                                                                                                 |                                                                                                                                                                                                                    |                                                                                                                    | report to the Office of the Auditor General within sixty (60) days from the adoption of this report.                                               |                                                  |
| <b>19 Failure to Prepare and Submit Separate Fund Financial Statements</b> |          | The County Executive Management did not prepare and submit financial statements for the funds whose enabling legislation requires that they prepare books of account for audit. | Nairobi City County Betting, Lotteries and Gaming Control Board.<br>The court nullified the Act that had earlier established the Board. Currently the county is coming up with the new Act of establishing a fund. | The committee observed that there ought to be legal framework for NCC Betting, Lotteries and Gaming Board and Ward | The Committee recommends that County Executive Management in conjunction with the Funds; Disaster and Emergency Fund, Nairobi City County Betting, | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                               |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                                                                                                                                                                       | Committee Observations                                                                                                                                                                                                                    | Committee Recommendations                                                                                                                                                                                                                                                                                     | Timelines |
|                              |          |                         | <p>WARD DEVELOPMENT FUND- Controller of Budget raised a number of concerns with respect to <u>validity, legality and constitutionality</u> of the Act</p> <p>Nairobi City County Revenue Authority- The NCRA has not been fully operationalized and Revenue operations are still under the County Revenue Department.</p> <p>Disaster and Emergency Fund- the fund has not been fully</p> | <p>Development Fund.</p> <p>The committee also noted that the County Executive is required to prepare and submit financial statements for the funds whose enabling legislation requires that they prepare books of account for audit.</p> | <p>Lotteries and Gaming Control Board, Ward Development Fund, Pumwani Maternity College of Nursing and Midwifery and Nairobi City County Revenue Authority should ensure strict compliance with Section 47(1) of the Public Audit Act, 2015 by preparing and submitting separate financial statements for</p> |           |

| SUMMARY OF UNRESOLVED ISSUES           |          |                                                                                                                                                                          |                                                                                                                                                                        |                                                                                               |                                                                                                                                                                               |                                                  |
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| Audit Query                            | Criteria | Audit Finding/Key issue                                                                                                                                                  | Management Response                                                                                                                                                    | Committee Observations                                                                        | Committee Recommendations                                                                                                                                                     | Timelines                                        |
|                                        |          |                                                                                                                                                                          | operationalized hence separate financial statements were not prepared.                                                                                                 |                                                                                               | each fund as required by their enabling legislation and a detailed status update be submitted to the Office of the Auditor General within 60 days of adoption of this report. |                                                  |
| <b>20 Irregular Insurance Payments</b> |          | i. Non fulfilment of obligations by insurer for provision of Work Injury Benefit Act (WIBA), Group Personal Accident and Employer Liability<br>ii. Unmet requirements by | i. The Insurer delayed in implementing the specified terms of reference due to delayed payment by the County and therefore most activities failed to take place as per | The committee observed that<br><br>Issue No. 5.1 not addressed due to delay in implementation | The Committee recommends that County Executive should immediately review the insurance contract to address the                                                                | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                        | Management Response                                                                                                                                                                                                                                                                                                                                        | Committee Observations                                                                                                                                                                                                      | Committee Recommendations                                                                                                                                                                                                                                                                      | Timelines |
|                              |          | service provider for Provision of Comprehensive Medical Insurance Cover<br>iii. Provision of General Insurance Services<br>iv. Irregular Direct Procurement of Insurance Cover | schedule. The insurer has issued invoice No DHRHQS24093394 for an additional 2400 staff totaling Kshs 14,555,684.00 dated 22nd November 2024 which is being reviewed before payment.<br>ii. The following documents requested are hereby attached<br>1. Appointment letters for seven (7) members from the County<br>2. Monthly reports from the committee | n of terms of tender<br><br>Issue no. 5.2 addressed. Supporting documents provided<br><br>Issue no. 5.3 addressed. List of motor vehicles provided.<br><br>Issue no. 5.4 not addressed. The procurement was not competitive | identified irregularities to ensure that contract terms align with the actual policy commencement date to avoid liability gaps, the insurer fulfills its obligation to conduct staff training or refunds the proportionate cost, a transparent claims settlement mechanism is established with |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                                                                                                                                                                                                                 | Committee Observations                                                                                                                                                                | Committee Recommendations                                                                                                                                                                                                                                                                                              | Timelines |
|                              |          |                         | <p>3. Training and sensitization reports</p> <p>4. Identification of reputable rehab centers.</p> <p>Refer to Appendix 5.2 I, II, III and IV</p> <p>iii. The variance in the number of vehicles listed in the tender document versus the attached list arose from an inconsistency in data consolidation during the tender preparation process. However, we confirm that the insurance coverage provided was based on the final</p> | <p>In summary, the committee observed that the Accounting Officer did not ensure that Insurance Companies fulfil their contractual obligations following successful claim filing.</p> | <p>mandatory monthly reports to verify compliance with the 14-day timeline and a dynamic staff roster system is implemented to update the insurer on new hires and retirements, ensuring continuous coverage and detailed update be submitted to the Office of the Auditor General within sixty (60) days from the</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                                                                                                                                                                                                                           |                        |                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                                                                                                                                                                                                                       | Committee Observations | Committee Recommendations | Timelines |
|                              |          |                         | <p>approved vehicle list, ensuring all insured vehicles were accurately documented.</p> <p>iv. The County Executive decided to enter into a new contract with the same insurance company when there was an existing active Contract instead of reviewing Clause 4 because the previous Contract did not cover ex-gratia which covers chronic illness.</p> |                        | adoption of this report.  |           |

| SUMMARY OF UNRESOLVED ISSUES           |                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                               |                                                         |
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| Audit Query                            | Criteria                                                                                                                                                                                                       | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                                                                                                                    | Management Response                                                                                                                                                                                                                                                                                                                                                                                                                 | Committee Observations                                                                                                                                                                                                                                                 | Committee Recommendations                                                                                                                                                                                                                                                     | Timelines                                               |
| <b>21 Management of Motor Vehicles</b> | <p>Regulation 132 of the Public Finance Management (County Governments) Regulations, 2015 and</p> <p>This was contrary to Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020</p> | <p>i. Four hundred and eighty-three (483) operational vehicles against 338 drivers. Therefore, one hundred and forty-five (145) vehicles remained idle</p> <p>ii. 402 Grounded Vehicles-No disposal plan or evidence of claims from insurance companies</p> <p>iii. Motor Vehicle held in private Garage due to outstanding bill of Kshs.36,223,235</p> <p>iv. Irregular procurement of prime mover at contract sum of</p> | <p>i. The operational vehicles include vehicles handed over to vocational school, GSU and those at Statehouse which are Thirty-one (31). The remaining 108 drivers are County staff who have not been redesignated as drivers but are performing duties of drivers after doing a suitability test at Garage.</p> <p>ii. Nairobi County Government Fleet Section prepared a Vehicle Disposal list which was handed over to asset</p> | <p>The committee noted that:</p> <p>1. The number of available motor vehicles for use, exceed the number of drivers and therefore 114 vehicles remain idle.</p> <p>2. There was no disposal plan for grounded vehicles</p> <p>3. Insurance premium for prime mover</p> | <p>4. County should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of</p> | <p>60 Days from the date of adoption of this report</p> |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                         |                        |                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                           | Management Response                                                                                                                                                                                                                                                                                                                                                                                     | Committee Observations | Committee Recommendations                                                                                                                               | Timelines |
|                              |          | Kshs.39,793,429. However, contract agreement was not provided. It was burnt down 2months after delivery. NO evidence of claim lodged with insurer | <p>Management department.</p> <p>iii. The documents containing comprehensive details regarding the repairs performed on vehicles, the corresponding inspection reports, as well as the contracts established between the county and the suppliers, have been included and are available in Annex 11 for your reference.</p> <p>iv.- While the contract agreement was not availed during the initial</p> | had not been settled.  | <p>this Report; and</p> <p>5. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.</p> |           |

| SUMMARY OF UNRESOLVED ISSUES           |                                                        |                                                                                    |                                                                                                                                                                                                                                                                                               |                                                                 |                                                                               |                                                  |
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| Audit Query                            | Criteria                                               | Audit Finding/Key issue                                                            | Management Response                                                                                                                                                                                                                                                                           | Committee Observations                                          | Committee Recommendations                                                     | Timelines                                        |
|                                        |                                                        |                                                                                    | audit review, we wish to confirm that the vehicle in question falls under the additional motor vehicle category. Consequently, the insurance premiums for additional motor vehicles were issued to us, serving as proof that a valid contract agreement was entered into for this procurement |                                                                 |                                                                               |                                                  |
| <b>22 Unsupported Payment of Taxes</b> | section 156 of the Public Finance Management Act, 2012 | The County Executive paid a total of Kshs.330,689,333 to KRA However, there was no | The county executive has written to KRA for confirmation of all payments done to the Authority.                                                                                                                                                                                               | The Committee noted that the Accounting Officer did not keep in | The Committee therefore recommends that:<br>1. The County Governor undertakes | 60 Days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                          |                     |                                                                                                                         |                                                                                                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                  | Management Response | Committee Observations                                                                                                  | Committee Recommendations                                                                                                                                                                                                                                                                | Timelines |
|                              |          | acknowledgement of the payment from KRA. |                     | safe custody, all payment record and any other supporting documents and acknowledgement from KRA is yet to be provided. | administrative action against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                              |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                    | Timelines |
|                              |          |                         |                     |                        | <p>adoption of this report;</p> <p>2. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report; and</p> <p>3. the KRA should cease</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                |                                                                                  |                                                                                                                                                                                           |                     |                                                                                                      |                                                                                                                                                 |                                                  |
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| Audit Query                                 | Criteria                                                                         | Audit Finding/Key issue                                                                                                                                                                   | Management Response | Committee Observations                                                                               | Committee Recommendations                                                                                                                       | Timelines                                        |
|                                             |                                                                                  |                                                                                                                                                                                           |                     |                                                                                                      | imposing penalties on counties for late statutory deductions remittances as it is caused by late exchequer releases from the National Treasury. |                                                  |
| <b>23 Irregular Procurement of Services</b> | Regulation 78(1) of the Public Procurement and Assets Disposal Regulations, 2020 | i. No evidence to indicate that requests for quotations were made to at least three suppliers and that the bidders' quotations were subjected to quotation opening, evaluation and award. |                     | The Committee noted that the County Government did not adhere and comply with directives issued vide | The Committee therefore recommends that:<br>1) The County CEO undertakes administrative action against the responsible                          | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                                                                                                         |                     |                        |                                                                                                                                                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                 | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                             | Timelines |
|                              |          | ii. Expenditures not supported with documents which include signed attendance lists by participants, advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders. |                     | circulars and laws.    | officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and<br>2) The County Executive ensures that staff |           |

| SUMMARY OF UNRESOLVED ISSUES                  |                                             |                                                                                          |                                                                                                  |                                               |                                                                                                                                                                                                                                             |                                   |
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| Audit Query                                   | Criteria                                    | Audit Finding/Key issue                                                                  | Management Response                                                                              | Committee Observations                        | Committee Recommendations                                                                                                                                                                                                                   | Timelines                         |
|                                               |                                             |                                                                                          |                                                                                                  |                                               | in the county legal department are adequately trained and qualified to provide the services required and ensure that the County Executive does not enter into contracts that are detrimental to the interests of the County and its people. |                                   |
| <b>Irregular Procurement of Hire of Heavy</b> | Section 106(2)(b) of the Public Procurement | i. Non-Compliance with Contract Terms for Hire of Heavy Machinery resulting to an excess | i. The billing for the heavy machinery in question is in compliance with the contract, the claim | The committee observed that when engaging the | The Office of the County Governor undertakes administrative                                                                                                                                                                                 | 60 Days from the date of adoption |



| SUMMARY OF UNRESOLVED ISSUES |                                                                                                                  |                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                    |                |
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| Audit Query                  | Criteria                                                                                                         | Audit Finding/Key issue                                                                                                                                                                                                                                                                         | Management Response                                                                                                                                                                                                                                                                                                                                                                                                       | Committee Observations                                                                                                                                                                                                                               | Committee Recommendations                                                                                                                                                                                                                                                          | Timelines      |
| <b>Machinery</b>             | and Assets Disposal Act, 2015.<br><br>Regulation 78(1) of the Public Procurement and Assets Disposal Regulations | payment of Kshs. 6,562,063<br>ii. Unconfirmed Work Hours for Hire of Heavy Equipment, Plant and Machinery at Dandora Dumpsite- Machines worked non-stop for 2 shifts daily of 8 hours. There was no corroborative evidence for the hours worked and no LPO issued when engaging the contractors | of overpayment due to incorrect billing is invalid.<br>ii. During this period, the city was sinking in garbage and there was a lot of public outcries on uncollected waste in the city estates. (Rephrase) There was need to mobilize any available resource in terms of trucks and machinery to sort out the mess. In order to ensure no interruption of disposal activities at operation areas, all machines are fueled | contractors for hire of heavy machinery, the County should clearly indicate the duration for hire and provide fuel consumption records for the machines<br><br>In addition, Corroborative evidence for the work hours of the equipment not provided. | action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the | of this report |



| SUMMARY OF UNRESOLVED ISSUES                     |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                    |                                    |                                                                                                                                                                         |                                                                                                                                                                                                                                    |                                                  |
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| Audit Query                                      | Criteria                                                                                                                                                           | Audit Finding/Key issue                                                                                                                                                                                                                                                                            | Management Response                | Committee Observations                                                                                                                                                  | Committee Recommendations                                                                                                                                                                                                          | Timelines                                        |
|                                                  |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                    | before the beginning of any shift. |                                                                                                                                                                         | adoption of this report.                                                                                                                                                                                                           |                                                  |
| <b>24 Irregular Purchase of Office Equipment</b> | Section 106(2)(b) of the Public Procurement and Assets Disposal Act, 2015.<br><br>Regulation 78(1) of the Public Procurement and Assets Disposal Regulations, 2020 | i. Payments not supported with evidence of quotations sent to registered suppliers.<br><br>ii. The payment was not supported with requisite procurement documents<br><br>iii. The local purchase order validity period of thirty (30) days was not adhered to as supplies were delivered after the | No responses                       | The committee observed that that there was non-adherence and non-compliance with circulars and laws. In addition, management did not provide any response on this issue | The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES                                                         |                                                                                                                                         |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                               |                                                  |
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| Audit Query                                                                          | Criteria                                                                                                                                | Audit Finding/Key issue                                                                                                                                                                                                                            | Management Response                                                                                                                                                                                                          | Committee Observations                                                                                                                                | Committee Recommendations                                                                                                                                     | Timelines                                        |
|                                                                                      |                                                                                                                                         | 30 days validity period.                                                                                                                                                                                                                           |                                                                                                                                                                                                                              |                                                                                                                                                       | Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.                          |                                                  |
| <b>25 Irregular Procurement of Garbage Skips and Skip Loaders with Complimentary</b> | Section 106(2)(b) of the Public Procurement and Assets Disposal Act, 2015.<br><br>Regulation 78(1) of the Public Procurement and Assets | Supply and delivery of 120 garbage skips at a contract sum of Kshs.51,600,000, only forty-one (41) garbage skips had been delivered and the contract validity period had already lapsed.<br>LPO for supply and delivery of twenty-seven (27) large | The Order was placed on 20th April 2023 after the Contractor accepted the offer upon finalization of procurement Process. Since the Special Conditions in the Local Purchase Order did not cover the scope of the Conditions | The committee observed that the Contract validity period lapsed before delivery of all garbage skips.<br><br>In addition, there was non-adherence and | The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES                |                                                               |                                                                                                                         |                                                                                                                                                                                                                                                                                   |                                                  |                                                                                                                                                                                                           |                                   |
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| Audit Query                                 | Criteria                                                      | Audit Finding/Key issue                                                                                                 | Management Response                                                                                                                                                                                                                                                               | Committee Observations                           | Committee Recommendations                                                                                                                                                                                 | Timelines                         |
| <b>Skips</b>                                | Disposal Regulations,                                         | tippers and ten (10) skip loaders with complementary skips were placed before the contract was binding on both parties. | required for such Contract a Form of Contract Agreement which contained all the Special Conditions that bound both parties (Contractor and the County) was signed. Both Pre and Post Delivery Inspection were conducted as per the reports of the two Inspection reports attached | non - compliance with circulars and laws         | laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. |                                   |
| <b>26 Irregular Payment for Consultancy</b> | This was contrary to Section 135(3) of the Public Procurement | Review of payment voucher of Kshs. 4,999,999 paid for development of the tourism policy for                             | The tender was advertised on 22nd February and opened on 28 <sup>th</sup> February 2024 tender No.                                                                                                                                                                                | The committee observed that an evaluation report | The Office of the County Governor undertakes administrative                                                                                                                                               | 60 Days from the date of adoption |



| SUMMARY OF UNRESOLVED ISSUES                                         |                              |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                           |                       |
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| Audit Query                                                          | Criteria                     | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                                            | Management Response                                                                                                                                                                                                                                                                                                          | Committee Observations                                                                                                                                                                       | Committee Recommendations                                                                                                                                                                                                                                                                 | Timelines             |
| <b>for Development of the Tourism Policy for Nairobi City County</b> | and Asset Disposal Act, 2015 | <p>Nairobi County revealed the following anomalies;</p> <p>An evaluation report summarizing the results of the preliminary, technical and financial evaluation and signed by all evaluation committee members was not provided for audit. In addition, a copy of the contract was not provided as one of the supporting documents for payment.</p> | <p>NCC/CCAT/Q/190/NEGO.NO-1471152/2023-2024 and only one bidder responded in the e-procurement portal. Please find the attached Appendix 12.1(i).</p> <p>ii) There was only one bidder hence there were no regret letters.</p> <p>iii) There was no contract signed but the bidder was issued with PO NO. 52 as attached</p> | <p>summarizing the results of the preliminary, technical and financial evaluation and signed by all evaluation committee members and the reports and draft policy developed are attached</p> | <p>action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the</p> | <p>of this report</p> |

| SUMMARY OF UNRESOLVED ISSUES                                 |                                                                                 |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                        |                                                                                                                                                      |                                                  |
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| Audit Query                                                  | Criteria                                                                        | Audit Finding/Key issue                                                                                                                                                                                                                                                                 | Management Response                                                                                                                                                                                                                                                                                  | Committee Observations                                                                                                                                                                                 | Committee Recommendations                                                                                                                            | Timelines                                        |
|                                                              |                                                                                 |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                        | adoption of this report.                                                                                                                             |                                                  |
| <b>27 Anomalies on Routine Maintenance of Motor Vehicles</b> | Regulation 78(1) of the Public Procurement and Asset Disposal Regulations, 2020 | <p>Payment of Kshs.7,280,357 was not supported with requisite procurement documents</p> <p>i. The Logbooks (GP55) for services, repairs and maintenance undertaken were not provided for audit. Therefore, the audit could not determine whether the record of work done was posted</p> | <p>i. The requested documents are attached. (Annex 3)</p> <p>ii. Garage Technical Examiners undertakes thorough inspection of all repaired vehicles from external garage to ascertain new parts have been fitted and old parts are returned back as instructed on Repair/Works instruction forms</p> | <p>The committee observed that the issue was Partially addressed when</p> <p>1. Procurement documents provided</p> <p>2. Records of goods received not provided</p> <p>3. Evidence of Hand over of</p> | <p>The Committee recommends that;</p> <p>1. the County Executive management should immediately conduct a comprehensive fleet audit to rationaliz</p> | 60 Days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                       |                                                                                                                                                                                                    |                                               |                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                               | Management Response                                                                                                                                                                                | Committee Observations                        | Committee Recommendations                                                                                                                                                             | Timelines |
|                              |          | <p>in vehicle logbooks, or work tickets.</p> <p>ii. Efficiency analysis reports for county vehicles were not provided for review.</p> | <p>iii. Job card attached (Annex 4)</p> <p>iv. Therefore, we have attached the reports for February 2024, May 2024 and June 2024(Annex 5) for your reference and the computation of efficiency</p> | asset from NMS to NCCG has not been provided. | <p>e vehicle allocation and optimize driver deployment, ensuring all operational vehicles are assigned to drivers while non-operational vehicles are either repaired, disposed as</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                 |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                       | Timelines |
|                              |          |                         |                     |                        | <p>provided for by the Public Procurement and Asset Disposal Act Cap. 412C, or repurposed to cut maintenance costs;</p> <p>2. the County Executive management should develop a centralized digital tracking</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                 | Timelines |
|                              |          |                         |                     |                        | <p>system to monitor vehicle usage, driver assignments, and maintenance schedules, with clear guidelines;</p> <p>3. the County Executive management should develop a Fleet Management</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                             | Timelines |
|                              |          |                         |                     |                        | Policy to standardize driver-to-vehicle ratios (prioritizing essential services like ambulances and fire engines) and introduce periodic reviews to prevent inefficiencies and provides a status report to the Office |           |

| SUMMARY OF UNRESOLVED ISSUES                                                  |          |                                                                                                                                                                     |                                                                                                                                                   |                                                                                                                   |                                                                                                                     |                                                  |
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| Audit Query                                                                   | Criteria | Audit Finding/Key issue                                                                                                                                             | Management Response                                                                                                                               | Committee Observations                                                                                            | Committee Recommendations                                                                                           | Timelines                                        |
|                                                                               |          |                                                                                                                                                                     |                                                                                                                                                   |                                                                                                                   | of the Auditor General within sixty (60) days from the adoption of this report.                                     |                                                  |
| <b>28 Payment for Stalled Construction of Perimeter Wall in Mji wa Huruma</b> |          | Whereas works commenced on 10 September, 2015 and valuation of works recommended payment of Kshs.4,870,690, the amount remained unpaid until June, 2024. Inspection | The payment was done as per the valuation done in 2015 and not as a result of re-inspection on the extent of damages and nature of repairs works. | The committee observed that the perimeter wall was not re-inspected to assess the extent of damages and nature of | The Committee recommends that;<br>1. The County Executive establishes a project management and monitoring System to | 60 Days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                          |                                                                                                                                                             |                        |                                                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                  | Management Response                                                                                                                                         | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                               | Timelines |
|                              |          | indicated that the structure had developed cracks and here was no evidence of re-inspection on the extent of damage and the nature of repair works done. | Attached- letter from the Legal department (Office of the County Attorney) marked <b>Appendix 15.1(a) and Appendix 15.1(b)</b> copy of payment certificate. | repair works required  | help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                           |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                 | Timelines |
|                              |          |                         |                     |                        | <p>2015 within 60 Days from the date of adoption of this report;</p> <p>2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                                                                                        |                                                                      |                                                                                                                                                                                |                                                                                                                                                                                                                |                                                                                                               |                                                                                                                                                  |                                                  |
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| Audit Query                                                                                                         | Criteria                                                             | Audit Finding/Key issue                                                                                                                                                        | Management Response                                                                                                                                                                                            | Committee Observations                                                                                        | Committee Recommendations                                                                                                                        | Timelines                                        |
|                                                                                                                     |                                                                      |                                                                                                                                                                                |                                                                                                                                                                                                                |                                                                                                               | <p>this report; and</p> <p>3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |                                                  |
| <b>29 Rehabilitation of Lot 13 Roads in Eastleigh Area Nairobi (Athumani, Kipande, Mwende Road, Blue Estate and</b> | Section 68(1) of the Public Procurement and Asset Disposal Act, 2015 | <p>i. The payment was not supported with requisite procurement documents</p> <p>ii. Performance security of Kshs.800,133, constituting only 1% of the contract sum was not</p> | The works commenced on 8th December, 2021 with an initial contract period of 10.0months and the order to commence was given on 6 <sup>th</sup> December 2021 a completion date of 21 <sup>st</sup> July, 2022. | The committee observed that the Accounting Officer did not keep records for each procurement for at least six | <p>The Committee recommends that;</p> <p>4. The County Executive establishes a project management and monitoring System to help in proper</p>    | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                    |                                                                                                                                                                                                                                                                                     |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                                                   | Management Response                                                                                                                                                                                                                                                                                                                                                                                                          | Committee Observations                                                                                                                             | Committee Recommendations                                                                                                                                                                                                                                                           | Timelines |
| Kitui Village)               |          | <p>commensurate with the value of works and contract sum.</p> <p>ii. Construction and civil works totalling Kshs.86,011,253 revealed various gaps which include non-compliance with procurement laws and failure to attach relevant documents in support of payments.</p> | <p>Due to delays in payment of IPC No 1 due to the Transition from NMS to NCCG, the works were completed as intended on 21<sup>st</sup> July 2022. The Deed of Novation was signed dated 18<sup>th</sup> April 2023. The contractor was awarded an interim extension of time totaling 12 months vide a letter date 8<sup>th</sup> July 2024. The works were procured by NMS and during the handing of the contracts, the</p> | <p>years after the resulting contract has been completed including any other accountable documents. However, the matter is partially addressed</p> | <p>project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                                                                                                                                             |                        |                                                                                                                                                                                                                                                                                                    |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response                                                                                                                                         | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                          | Timelines |
|                              |          |                         | <p>procurement documents were not handed over.</p> <p>However a request has been made to Executive office of the President for the requisite documents.</p> |                        | <p>from the date of adoption of this report;</p> <p>5. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                       |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                             | Timelines |
|                              |          |                         |                     |                        | 6. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                          |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                | Timelines |
|                              |          |                         |                     |                        | <p>report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and</p> <p>7. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                                        |          |                                                                                                                                                                                                       |                                                                                                                                                                                                                                   |                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                          |                                                  |
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| Audit Query                                                         | Criteria | Audit Finding/Key issue                                                                                                                                                                               | Management Response                                                                                                                                                                                                               | Committee Observations                                                                                                                                                                                       | Committee Recommendations                                                                                                                                                                                                                                                                | Timelines                                        |
| 30 Irregular Payment for Rehabilitation of Roads in Industrial Area |          | <p>The contract period lapsed without commencement of works and there was no evidence of contract extension approval.</p> <p>The payments were not supported with requisite procurement documents</p> | <p>The works were procured by NMS and during the handing of the contracts, the procurement documents were not handed over. However, a request has been made to Executive office of the President for the requisite documents.</p> | <p>The committee observed the Works were procured by NMS which has since been moved the Presidency. In addition, the contract period lapsed, and therefore ceases to be legally binding on both parties.</p> | <p>The Committee recommends that;</p> <p>8. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for</p> | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                        |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                              | Timelines |
|                              |          |                         |                     |                        | <p>in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;</p> <p>9. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                         |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                               | Timelines |
|                              |          |                         |                     |                        | <p>budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report;</p> <p>10. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for</p> |           |



| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                      | Timelines |
|                              |          |                         |                     |                        | breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and<br>11. The OAG to keep the |           |

| SUMMARY OF UNRESOLVED ISSUES                                                                        |                                                                                                                                                           |                                                                                                                                                        |                                                                                                                                                                                                                                                         |                                                                                                   |                                                                                                                                                                             |                                                  |
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| Audit Query                                                                                         | Criteria                                                                                                                                                  | Audit Finding/Key issue                                                                                                                                | Management Response                                                                                                                                                                                                                                     | Committee Observations                                                                            | Committee Recommendations                                                                                                                                                   | Timelines                                        |
|                                                                                                     |                                                                                                                                                           |                                                                                                                                                        |                                                                                                                                                                                                                                                         |                                                                                                   | matter in view and provide a status update to the Committee in the subsequent audit cycle.                                                                                  |                                                  |
| <b>31 Irregular Engagement of Bidders Without Advertising of Tenders for Construction and Civil</b> | <p>This was contrary to Section 96(1) and (2) of the Public Procurement and Asset Disposal Act, 2015</p> <p>Section 135 (3) of the Public Procurement</p> | Various projects amounting to Kshs.179,621,620 were procured without publishing of advertisements in the public procurement portal as required by law. | The works that were paid by the Sector were procured by NMS and during the handing of the contracts, the procurement documents were not handed over. However, a request has been made to Executive office of the President for the requisite documents. | The committee observed the procurement law was breached as there was no evidence of advertisement | <p>The Office of the County Governor undertakes:</p> <p>1. The Office of the County Governor undertakes administrative action against the Head of Procurement and other</p> | 60 Days from the date of adoption of this report |

| SUMMARY OF UNRESOLVED ISSUES |                              |                         |                     |                        |                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria                     | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                      | Timelines |
| Works Projects               | and Asset Disposal Act, 2015 |                         |                     |                        | responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                |           |
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| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                      | Timelines |
|                              |          |                         |                     |                        | <p>2. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle;</p> <p>The Nairobi County Executive should demand from NMS and the Executive Office of the President all financial, procurement, HR, and operational records covering</p> |           |

| SUMMARY OF UNRESOLVED ISSUES                            |                                                                        |                                                                                                 |                                                                                                          |                                               |                                                                                                                                                                                                                |                                                  |
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| Audit Query                                             | Criteria                                                               | Audit Finding/Key issue                                                                         | Management Response                                                                                      | Committee Observations                        | Committee Recommendations                                                                                                                                                                                      | Timelines                                        |
|                                                         |                                                                        |                                                                                                 |                                                                                                          |                                               | the delegation period, including contracts, payment vouchers, payrolls, and asset registers and a detailed update be submitted to the Office of the Auditor-General within 60 days of adoption of this report. |                                                  |
| <b>32 Irregular Procurement of Electrical Materials</b> | Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 | The specifications from the user department and the local purchase order issued to the supplier | Arising from above, the procurement officer in-charge electrical stores consulted the Director of supply | The committee observed the issue is partially | The Office of the County Governor undertakes:<br>1. The Ethics and Anti-                                                                                                                                       | 60 Days from the date of adoption of this report |



| SUMMARY OF UNRESOLVED ISSUES |          |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                         |                                                                                                                                                                                                                                                              |           |
|------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Audit Query                  | Criteria | Audit Finding/Key issue                                                                                                                                                                                                                                                                                                                                                                                                        | Management Response                                                                                                                                                                                                                                                                                                                                                                             | Committee Observations                                                                                                                                                                  | Committee Recommendations                                                                                                                                                                                                                                    | Timelines |
| for Street Lighting          |          | were different from what was delivered. the framework contract agreement was signed on 17 January, 2024. This date was not within the tender validity period of 150 days from the date of opening of tender cables supplied by a general merchant and received in the store on 16 May, 2024 were missing from the store due to pilferage incidences the materials were received beyond the stipulated period as local purchase | chain management who responded through Memo dated 20 <sup>th</sup> May, 2024 (Copy attached). The Memo indicated that the supplier had both cables in the frame contract and were both costed the same at Kshs.250 per metre. The supplier was then advised to deliver 2x16mm ABC aluminium round stranded compressed conductor which was the right cable. The inspection and acceptance of the | addressed since explanation is provided but not supported with evidence of the supply of the correct material<br><br>There was non-adherence and non-compliance with circulars and laws | Corruption Commission (EACC) should immediately investigate the procurement anomaly to establish whether the discrepancy between the ordered 3x16mm conductors and delivered 2x16mm specifications—despite payment of Kshs.38,442,000 constituted fraudulent |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                   |                        |                                                                                                                                                                                                                                                                                          |           |
|------------------------------|----------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Audit Query                  | Criteria | Audit Finding/Key issue                                          | Management Response                                                                                                                                                                                                                                                                                                                                                                               | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                | Timelines |
|                              |          | orders are valid for a period of 30 days from the date of issue. | materials was done guided by the Supply chain management Director's MEMO. The inspection and acceptance team produced a report hence the materials were utilized. Late signing of the contract agreement was due to delay in processing contract agreements because of the big number of bidders who had responded to the two category of frameworks at the same time and a serious understaffing |                        | misrepresentation, collusion between suppliers and county officials, or deliberate flouting of procurement procedures. The probe should focus of the roles of the inspection team that certified non-compliant materials, officials who authorized payment for undelivered specification |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                                  |                        |                                                                                                                                                                                                                                                                                |           |
|------------------------------|----------|-------------------------|----------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response              | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                      | Timelines |
|                              |          |                         | in the County Attorney's office. |                        | <p>s and suppliers who may have knowingly shortchanged the County;</p> <p>2. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section</p> |           |

| SUMMARY OF UNRESOLVED ISSUES |          |                         |                     |                        |                                                                                                                                                                                                                                                                                                           |           |
|------------------------------|----------|-------------------------|---------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Audit Query                  | Criteria | Audit Finding/Key issue | Management Response | Committee Observations | Committee Recommendations                                                                                                                                                                                                                                                                                 | Timelines |
|                              |          |                         |                     |                        | <p>156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>3. The County Executive to identify training needs of its staff serving in the Procurement and Finance Department</p> |           |



| SUMMARY OF UNRESOLVED ISSUES                                 |                                                                   |                                                                                                                                                                                                            |                                                                                                                                                                                                                                 |                                                                                                                            |                                                                                                                                            |                                                  |
|--------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Audit Query                                                  | Criteria                                                          | Audit Finding/Key issue                                                                                                                                                                                    | Management Response                                                                                                                                                                                                             | Committee Observations                                                                                                     | Committee Recommendations                                                                                                                  | Timelines                                        |
|                                                              |                                                                   |                                                                                                                                                                                                            |                                                                                                                                                                                                                                 |                                                                                                                            | and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.           |                                                  |
| <b>33 Supply and Delivery of 5000 Tonnes of Quarry Chips</b> | Section 88 of the Public Procurement and Asset Disposal Act, 2015 | The framework contract agreement was signed on 24 November, 2024. This date was not within the tender validity period of 150 days from the date of opening of tender not supported with delivery notes for | Late signing of the contract agreement was due to delay in processing contract agreements because of the big number of bidders who had responded to the two category of frameworks at the same time and a serious understaffing | The committee observed the issue is partially addressed since explanation is provided but there was noncompliance with the | 1. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for | 60 Days from the date of adoption of this report |