

			the attached report.(Refer to annex: Bill of Quantity)		as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					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.	
19	Construction of Kalokol Resource Centre	Field audit verification on the project done on 6 September, 2024 revealed that the project was complete but not in use. The ceiling board at the verandah is almost falling due to leakages in the roof. fixtures such as taps, window panes are getting damaged due to	The Citizen Resource Centre is complete, and the contractor is yet to handover. The County Government has set aside funds for payment of this contract listed as a pending bill in the FY 2024/2025 Budget estimates. Budget of	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained incomplete even after verification therefore there was no value for money.	The Committee recommends that; - 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money	Within 60 days after adoption of the report.

		lack of security at the center	Kshs.13,425,920 is committed		as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
20	Delay in Completion of Turkana County Headquarters Building	Another physical inspection carried out on the project on 27 August, 2024 revealed that, although the contractor was on site, the project was not yet complete and put into intended use. Lift testing and commissioning, carpeting, electrical and plumbing works and power connection all of undetermined	The project implementation team through the department of public works are quantifying the remaining works for retendering in order to get a new contractor to finish the remaining works. Government is committed to completing and	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained incomplete even after verification therefore there was no value for money.	The Committee recommends that; - 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money	Within 60 days after adoption of the report.

		amount were ongoing and yet to be completed. the County was likely to lose funds through contract variations, interest charges and cost escalations and value for money had not been received on the expenditure already incurred.	making use of the project.		as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					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.	
21	Proposed Construction of Governor's Residence	A physical project verification exercise done on 27 August, 2024 revealed that the contractor was on site but no works were on going. Management did not provide explanation on why the contractor had stopped work on the project	The county government will work to deliver the project by the end of Financial Year 2025/26.	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained incomplete even after verification therefore there was no value for money.	The Committee recommends that;- 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money	Within 60 days after adoption of the report.

					as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					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.	
21	Stalled Construction of Modern Business Centre Located in Lodwar Municipality	A project verification exercise carried out on the project on 18 September, 2024 revealed that the project has remained stalled.	A final project appraisal report prepared by the Department of Public Works on 30th September 2021 indicates the project is nearly half way done, with assessment placing works done at 46.94% valued at 62,148,483.06. The Office of the County Attorney is currently handling this	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained incomplete even after verification therefore there was no value for money.	The Committee recommends that; - 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money	Within 60 days after adoption of the report.

			matter since the contractor file a court case.		as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					of the adoption of this report; 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
22	Project Implementation Status	The County Executive had planned to implement two hundred and sixteen (216) projects during the year under review valued at Kshs.1,392,614,644 out of which one hundred and thirty (130) projects valued at Kshs.770,863,917 were completed, with eighty-six (86) projects valued at	Management has put in place monitoring structures that will ensure that all ongoing projects are completed on time. The PFM Act allows for payment of civil works done and certified only. The remaining works will be paid when they	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained incomplete even after verification therefore there was no value for money.	The Committee recommends that; - 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money	Within 60 days after adoption of the report.

		Kshs.621,750,727 ongoing. This is an indication of inadequacy in project planning and control mechanisms to ensure efficient absorption of available funds. listing/reports on stalled projects were not provided for audit review.	have been executed and certified.		as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days	
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					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.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
23	Lack of Non-current Assets Register	Annex 6 - summary of non-current assets register reflects cumulative historical asset amount of Kshs.10,603,708, 879 as at 30 June, 2024. However, the County Executive had not kept and maintained an assets register. Management did not show any assurance over	Upon assuming office by the new administration several steps have been made towards addressing the challenge of lack of assets register; The management is committed to having an asset register in place by 30th June, 2025.(Refer to annex 8: Draft Asset and	The committee observed that the management did not provide the updated asset register.	The Committee recommends that; - 4. 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	Within 60 days from the date of adoption of this report

		the existence, location, use and valuation of the County Executive assets.	Liability Management Policy).		provide a status update to the OAG within 60 days of adoption of this report; 5. 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 6. Office of the Auditor General should progressively	
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					review and report on the matter in the subsequent Financial Years.	
24	Information Communication Technology Controls Weaknesses in Information and communication Technology Controls	The ICT policy was not approved in-order to pave way for the constitution of effective IT Strategic Committee that will provide strategic advice on ICT initiatives and investments. Management had constituted an IT Steering Committee. there was no documentary evidence to confirm that the committee was functional or has undertaken any activities since its	Once the County Attorney office approves the Draft Policy document, the document would then be shared with the County Executive Committee members for approval through a cabinet memorandum introduced by the County Executive committee member in-charge of ICT programming in the County. This process would be	The committee noted that the policy is in draft form and is yet to be approved by the County Attorney and the Cabinet.	The Committee recommends that; - 1) The committee recommends that the process be fast tracked and the policy be implemented within sixty (60) days from the adoption of this report and submit the same to	Within 60days after adoption of the report.

		appointment on 1 August, 2023. the existence of an effective ICT governance, adequacy of internal control structures in safeguarding public resources could not be confirmed.	complete by December, 2024.		the Auditor General. 2) The Auditor General to closely monitor the development, documentation and communication of these policies within the county entity in the subsequent audit cycles.	
27	Physical and Environmental	Weaknesses which can adversely affect	The issues in the Server room at the County	The Committee observed that the audit	The Committee recommends the management to	Within 60 days after the

	Weaknesses over the ICT and E-government Controls	the operations of the County if not attended Cabling/Network: The cables are not labelled making it hard to troubleshoot should an outage occur and there is an absence of documentation on the available network topology. Accessibility to back panels: Working behind the racks is extremely difficult and the spacing and arrangement of the racks needs to be improved. Power: There is no surge protector for the equipment in the Data Center and when main electrical power	treasury leading to i- adequate safe guards at the data Centre to protect the equipment and critical data from intrusion has been fully addressed	revealed several ICT-related weaknesses within the County Executive that could significantly impact its operations if not addressed. The network infrastructure lacked proper labeling, making troubleshooting difficult, and there was no documentation of the network topology. Physical accessibility to back panels was constrained due to poor spacing	enhance ICT infrastructure and ensure operational continuity, the County Executive should immediately implement best practices in network management, including proper labeling of cables and documentation of network topology for efficient troubleshooting. The physical arrangement of racks should be improved to facilitate accessibility and maintenance. A robust power	adoption of the report.
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		goes off, the available UPS cannot withstand the available equipment operation for more than 30 minutes. Security: The Data Center door is located on the same corridor serving many other offices that serve the general public, there is also no logging in / out of visitors to the Data Center. In addition, there is no intrusion detection system in place. Fire: Fire suppression system is not in place and there are highly combustible materials at the		and arrangement of racks, while inadequate power backup meant that the available UPS could only sustain operations for 30 minutes in case of a power outage.	backup solution, including surge protectors and a higher-capacity UPS or generator, should be installed to ensure uninterrupted operations. Security measures must be strengthened by restricting access to the Data Center, implementing visitor logging, and installing an intrusion detection system. Fire safety protocols should be enhanced by installing a fire suppression system and removing combustible materials. Most	
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		back of the Data Center. Lack of disaster recovery site: The County should have a disaster recovery site in place that can be used, in case the data center goes down to enable recovery of backups and restore critical systems and data.			importantly, the County Executive should establish a disaster recovery site to ensure business continuity and protect critical data in case of system failures or cyber threats. Regular audits and risk assessments should also be conducted to maintain ICT security and resilience.	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF UASIN GISHU COUNTY EXECUTIVE
FOR THE FINANCIAL YEAR 2023/24**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1	Anomalies in Pending Bills	Note 19(1) reflects pending accounts payables balance of Kshs.642,153,876. while Annex 2 reveals a balance of Kshs.9,082,944 leading to a variance of Kshs.633,070,932	FY 2022/23 to Kshs. 707,393,356 due to the late disbursement of funds from the National Treasury, during the FY 2023/2024. The disbursement of June 2024 was	The management had breached Section 41(2) of PFM County Governments Regulation, 2015. The management did not provide clear evidence on how it intends to clear pending bills.	1) all County Governments pay verified pending bills amounting to less than Kshs. 1 billion by the end of this financial year and those above Ksh.1 billion	60 days after adoption of the report.

		No breakdown of other pending payables balance of Kshs.41,465,948 There was an increase by Kshs.428,367,750 in pending bills from the previous financial year 2023-2024. An amount of Kshs.31,340,000 was not included in the list of pending bills as at 30 June, 2024. Ageing analysis of the pending bills not provided.	received in the month of October 2024. Pending bill of Kshs 31,340,000 was erroneously omitted, adjusted made to list Ageing analysis finalized and availed.		by the end of the financial year 2025/2026 2) That; 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	
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					Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50	
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					(2) & (3) of the Public Finance Management (County Governments) Regulations; iv. pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; v. pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; vi. pursuant to Regulation 50 (2) & (3) of the Public Finance Management	
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					(County Governments) Regulations.	
OTHER MATTERS						
2	Budgetary Control and Performance	There was an under-funding of Kshs.3,577,487,218 or 27% of the budget and an under-absorption of Kshs.544,367,221 or 6% of the actual receipts.	The under-funding due to delay in the disbursement of funds by the National Treasury. The under-absorption also due to the delay in disbursed of funds	1. The county entities did not receive exchequer releases from the National Treasury on time. 2. The county executives did not meet their own source revenue collection targets. This challenge hampered budget implementation in the affected	1) The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate. 2) The County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address	Continuous

				county entities. 3. Most Counties fail to undertake public participation on supplementary budgets that exceed 10% of the budget contrary to Section 135 (7) of the PFM Act, 2012 and Regulation 39(9) of the PFM (County Government) Regulations, 2015.	revenue shortfalls. 3) County Assemblies to exercise their powers as outlined in Article 201 of the Constitution to ensure budgets are realistic and espouse people's aspirations.	
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3	Unresolved Prior Year Matters	Several paragraphs were raised, however, no report or recommendations from Uasin Gishu County Executive Management and oversight bodies were submitted for audit verification. Further, the issues remain unresolved	County appeared before the PAC Senate Session and presented the financial statements for the FY 2022/2023. We are awaiting the PAC recommendations.	The management had not addressed most of the prior year's matters.	1) the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report. 2) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	60 days after adoption of the report.
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						
4	Compensation of Employees	There are a total of 4,639 employees out of		The management did not adhere to Section 65(1)(e) of the	1) The county executive should work	60 days after adoption

	Failure to Observe Ethnic Balance on Staff Composition	whom 4,001 or 86% of the total members of staff were from the dominant community in the County. The County employed 181 staff out of whom 167 or 92% were from the dominant community.		County Government Act 2012	progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity. 2) The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.	of the report.
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5	Irregularities in Recruitment of Employees	All the staff appointed were not inducted within the first three months. No evidence that the vacancies emanated from the gaps in the authorized staff establishment. No evidence of advertisement, shortlisting, Interview evaluation criteria, attendance register for the officers interviewed and interview report was maintained by the County Public Service Board.	The CPSB annual work plan outlines the number of recruitments for the year, which are aligned to the approved budget. Once the budget is confirmed and the vacancy is validated within the staff establishment, the CPSB will consider approval requests and publicly announce the vacancy Casual workers are engaged only on urgent short-term tasks with	1) The management had no annual recruitment plan. 2) The management did not provide the OAG relevant documents to support recruitments of the employees.	The County Executive should expedite development and approval of its annual recruitment plan and provide a status report should to the Auditor General for verification within sixty (60) days of the adoption of this report. 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	60 days from the adoption of this
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			approval of the CPSB. The Board has developed a tailored temporary requisition form that must be completed by each department on need basis.		report to the Office of the Auditor General within sixty (60) days from the adoption of this report	
6	Irregular Payment of Acting Allowance	Acting allowance processed through the IPPD system totaling to Kshs.1,760,000 paid to five (5) members of staff who had acted for more than six (6) months and earned allowances amounting to Kshs.1,005,864	County Public Service Board approved extension of acting appointments to enable departments run seamless pending budgetary allocation to fill the gaps/positions.	The management paid acting allowances beyond stipulated timelines	1) Provision to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide	60 days from the date of adoption of this report

					guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources.	
					2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide 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. 3) the OAG to monitor the matter in the subsequent audit cycle.	
7	Irregularities in Construction of Civil Works Road Projects	Length and width of the roads not indicated. Registration of engineers and contractors.	To include the expected distances of graveled roads in the Agreements from this	The management did not account for supervisory fees, prime costs, and engineers' miscellaneous accounts.	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a	60 days from the date of adoption of this report

	Some roads did not have drainage or drainages were poorly Box culverts poorly channelled. Some roads were not maintained during the period under review. Supervisory fees prime costs, engineers miscellaneous accounts not explained. The contracts did not indicate the individual and cumulative road distances. The Kipsano-Cheptabach footbridge in	Financial Year 2024/2025. Resident Engineers (REs) are registered Due to budgetary constraints drainage works in the identified projects could not be implemented. The prime cost sums used for project-related purposes Going forward, geographical coordinates for the start and end point of and structural works will be included.	The management did not specify works to be executed in the BQs. The management made payment to poorly done and incomplete works.	view to instituting the prosecution of the culpable officer(s) for the offences.	
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		Cheptiret/Megun Ward was incomplete, unusable state and may have to be redone				
8	Irregularities in Construction and Civil Works	No public participation in project identification. No purchase orders with the successful bidders. Some payments not related to Construction and Civil works. Leakages on ceiling boards of renovated buildings and the newly constructed abolition block.	The Bills of quantities contains market prices. The procuring entity used the contract agreement with successful bidder. The budget for project signboard, hoarding, storage store and site office were instructed by the Project Manager with the approval	The management did not: Ensure works were executed in accordance with the BQs. Properly classify transactions. Maintain proper project documentation.	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences.	60 days from the date of adoption of this report

		Paving slabs had not been laid as specified in the BQ.	of the client to be used to varnish the ground and first floor internal walls and ceiling. Progress chart provided, clothing cubes for ladies' washrooms were fabricated as per the BoQ, three coats of exterior emulsion paint to external walls, water cistern and roof leakages was done.			
9	Prolonged Delays in Upgrading of 64 Stadium	The contractor was on site although there was no activity. The grass was drying.	Performance bond for the two extensions as provided. Contract extensions	The management did not: Provide a performance bond for extensions. Provide an	1) The Management establishes a project management and monitoring Committee to	60 days from the date of adoption of this report

	The electricity lines had not been moved. Extension approved for 9 months till May, 2023. Another Extension approved for another nine (9) months till March, 2024. Another extension of 18 months granted. No evidence of review meetings, risk register maintained Project delayed over 2 years Contractor has stopped works	forwarded to the relevant authority. Design review causing delay in project implementation Relocation of service. Delay as a result of Covid 19 Pandemic Delay as a result of acute shortage of materials and fuel in the Country. Delayed resolution of conflict in the design and extent of site boundary among other reasons.	evaluation committee extension of project time.	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. 2) The EACC to investigate the project from inception with a view of causing	
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		citing delays in payment. As at the time of audit in October, 2024, payments totalling Kshs.663,428,347 had been made leaving an unpaid balance of Kshs.500,135,578			prosecution of The Office of the County Governor and the CECM, Finance and Economic Planning for possible loss of funds and provide a status report to the Office of the Auditor General and the Senate within 60 days from the adoption of this report; and 3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
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10	Irregular Extension of Consultancy Services in the Upgrading of 64 - Stadium	Project extended twice and for more than thirty (30) days. Contract period was extended two times totalling 76 weeks, more than the contract period. The consultancy services were terminated. No explanations were provided on the termination. Not registered in favour of the County Government. Previous owners using the parcels.	Preparation of ownership documents ongoing. The use of the land commenced before the land was acquired. Preparation of the mutation forms is ongoing. County executive is in custody of the original titles. The public participation for the parcels were undertaken during preparation of budget and were approved by County Assembly.	The management did not provide documents to demonstrate further action to complete the project.	1) The County Office of the County Governor establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County	60 days from the date of adoption of this report
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		The ten (10) Land mutation forms not provided. Minutes of public participation not provided. Accounting Officer/user department requisitions not supported. Estimated value of the parcels of land unrealistic and based on the prevailing rates. No evidence of advertising tenders. Official search done after execution of the sale agreement.	Environmental and Social Impact Assessment reports to be undertaken during construction phase of the projects.		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 the project 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	
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		Title deeds not yet processed. Land purchased not demarcated. Two (2) additional parcels of land omitted from the financial statements			Committee in the subsequent audit cycle.	
11	Stalled Construction of Chebororwa Agricultural Training Centre (ATC) Produce Stores	As at October, 2024, the project was not complete. There was no request for extension of the contract. A few construction materials were on site, the contractor was not on site and the project had stalled. Contractor served with two notices of slow progress	The contractor served with two notices of slow progress, on 15th July, 2023 and on 25th August, 2023 and did not respond to both of them. The contract period ended on 27th August 2023 without request for extension ending project period	The project was incomplete and stalled, and the contractor was not on site.	1) The Management 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	60 days from the adoption of this report.

		and failed to respond to both of them. Contract expired at the end of project period and the management is in the process of terminating the project.	and Contract Termination Notice issued on 23rd October, 2023.		value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015. 2) The Office of the County Governor to prioritize completion of the project and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report.	
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					3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
12	Equipping the County Call Centre	Serial numbers of the call centre equipment not indicated making them susceptible to loss/theft. Specifications of the computers varied with those in the terms of reference. Compatibility of the switchboard in doubt. value for money for the	The items supplied are safe and secure custody with 24 hours CCTV surveillance. Asset management system being implemented. Toll-free number was disconnected and is currently not operational. The 6 desktop computers specifications	The management did not: Ensure contract extensions were based on Evaluation Committee recommendations. Justify the project being extended twice for over 30 days. Prevent the contract period from being extended twice, totaling 76 weeks—exceeding the	The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences.	60 days from the date of adoption of this report

		headphones could not be confirmed. Operationalization of the Call center doubtful. No laptops were provided for the audit verification. The excess purchase of laptops amounted to wasteful expenditure County.	slightly vary from the TOR Switchboard runs independently from the call center. Headphones counted were 9 but the missing headphone was found. Operationalization of the call center is ongoing. The 10 laptops exist and were redistributed to officers within the department. The items supplied are safe and secure custody with 24	original contract period. Provide explanations for the termination of consultancy services.		
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			hours CCTV surveillance. Asset management system being implemented. Toll-free number was disconnected and is currently not operational. The 6 desktop computers specifications slightly vary from the TOR Switchboard runs independently from the call center. Headphones counted were 9 but the missing headphone was found.			
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			Operationalization of the call center is ongoing. The 10 laptops exist and were redistributed to officers within the department. The additional 10 laptops and 10 headphones were procured to be used by staff working at the call center.			
13	Office of the County Attorney	County engaged external advocates to represent it in various legal matters despite having a fully functioning Office of the County Attorney tasked	Office of the County Attorney is not adequately staffed Will be addressed progressively	The management engaged external advocates for legal representation despite having a fully functioning Office of the County Attorney responsible for handling the	1) The Office of the County Governor to make a provision in its budget for contingency liability in respect of legal	60 days from the date of adoption of this report

		with representing the County Executive in court or in any other legal proceedings. The County attorney has an approved staff establishment of 42 employees against actual 10 employees.	The Office intends to budget for two more Legal Counsel in the next budget cycle. The County Attorney is not precluded in law from engaging and/or procuring the services of external counsel or consultants.	County Executive's legal matters. The Office of the County Attorney has an approved staff establishment of 42 employees but currently operates with only 10 employees.	fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015. 2) The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation. The county should provide evidence of compliance with the County Attorneys Act within 60 days of the adoption of this report.	
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					3) The OAG to follow up on the matter in subsequent audits.	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
14	Lack of Operational Secondary Power Back Up	There was no secondary power back up leading to multiple instances where the County staff remained unproductive whenever there were power blackouts.	The County is cognizant of the need for an alternative power backup solution to avert cases of business disruptions as a result of power blackouts. A solar power solution installation has been completed and is expected to efficiently provide reliability in service delivery.	The management has no power back up plan in subcounty offices in place	1. The Office of the County Governor should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General. 2. The Auditor General to closely monitor the development, documentation and communication of these policies within the county	60 days from the date of adoption of this report

					entity in the subsequent audit cycles.	
15	Control Weaknesses in Asset Management	A comprehensive asset register detailing the assets that the County owned and/or were in control of the County and their values were not provided for audit review. Therefore, the value of assets under the care and/or ownership of the County Executive could not be determined.	At the time of this audit review, comprehensive assets register was being updated. However, the assets with historical costs have not been updated in the assets register. The valuation of these assets has not been finalized and is being undertaken by the National Government. The County Human Resource Policies and Procedures	The management had an incomplete asset management register.	1. The management should update and present its Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board. 2. The management should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor	60 days from the date of adoption of this report

			Manual of March, 2023 has since domesticated, approved and is in use. Corruption Risk Assessment and Management Plan and a Risk Management Register have been developed		General within 60 days of the adoption of this Report. 3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
16	Lack of Human Resources Policy, Procedures Manual, Risk Management	Management had not promulgated a code of conduct for its employees. There was no Human Resources Policy and Procedures Manual The Employee Code of Conduct	The County Human Resource Policies and Procedures Manual of March, 2023 has since domesticated, approved and is in use. Corruption Risk Assessment and	The management did not have a Human Resource Policy and Procedures.	The County Executive should expedite development and approval of its Human Resource Policies and Procedures and provide a status report should to the Auditor General for verification within sixty (60) days of the adoption of this report.	60 days from the date of adoption of this report

		is also undergoing review.	Management Plan and a Risk Management Register have been developed			
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF VIHIGA COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
14. Non-Disclosure of Commission Earned from Payroll Services Rendered	Service charge/commission amounting to Kshs.4,298,552 was charged for processing payroll deductions for third party institutions but the commission earned was not disclosed in	- The service charge/commission earned by the County Executive are recognized under the Receiver of Revenue financial statements as own source revenue. However, the amount totaling to kshs. 2,835,152 out of kshs. 4,298,552 were erroneously shown as commission earned from commercial loans when it was all remitted to settle staff loans in various banking institutions, hence commission earned for processing payroll deduction stands at Kshs. 1,463,400 in the year under review. - The receiver of revenue reported Kshs. 827,996 out of Ksh.	- It is not clear how Kshs. 2,835,152 was arrived at. - Although Kshs.827,996 is disclosed as miscellaneous revenue under receiver of revenue, but we could not confirm if the same was in respect to commission earned	The Committee recommends that; 6. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	the financial statements as income to the County.	1,463,400 recovered from the payroll as third-party commission earned as miscellaneous income. However, in the subsequent periods, these will be reported as commission earned from third parties.	• Kshs.635,404 (1,463,400-827,996) not accounted for	adoption of this report; and 7. 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.
2.1 Transactions in System Payments but not Processed in Payment Detail	516 transactions with a total value of Kshs.314,645, 241 were paid but not captured in payment details.	The management reported all transactions in the financial statements through various reporting expenditure lines such as domestic travel and subsistence, other capital grants and transfers. It is also important to note that these are primary data used to prepare the financial statements and hence	Amount of imprest surrendered during the year and direct payments to departments and donor funded projects as reflected in the financial statement	The Committee recommends that; 1. EACC to investigate the 516 transactions with a total value of Kshs.314,645,241 with a view to cause prosecution of responsible officer(s) pursuant

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	According to Management, the payments relate to imprest surrender and direct transfer to departments and donor funded project payments. The payments had not been incorporated in the financial statements.	captured under various categories of reporting lines.	are way above Kshs.314,645,241. The inconsistency is not explained or reconciled.	Regulation 210 of PFM County Regulations and section 199 of the PFM Act for possible loss of funds and provide a status update on the progress within 60 days to the OAG and the Senate; 2. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				within 60 days of adoption of this report; 3. the Institute of Certified Public Accountants of Kenya (ICPAK) to undertake 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; 4. the Management to engage the National Treasury to assist in resolving the discrepancies in the IFMIS records to clear outstanding unreconciled items and provides a status report to the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				Office of the Auditor General within sixty (60) days from the adoption of this report.
2.2 Transfer to Other Government Agencies	Analysis of payment details in IFMIS indicates that, the amount of Kshs.308,760,541 transferred to other entities, differs with the executive's ledger amount of Kshs.370,958,471 resulting into an unreconciled difference of	The management response to the Auditor's observation on the above subject matter is as follows; The executive's ledger reported in the financial statements on other capital grants and transfers was kshs. 328,795,971 which consisted of Kshs. 328,345,971(Other capital grants and transfers) and Kshs. 450,000(other current grants and transfers) and not kshs. 370,958,471 as highlighted by the Auditor, hence the variance could have been Kshs. 20,035,430 which is the difference between kshs. 328,795,971 and Kshs. 308,760,541 and not 62,197,930. The management would like to clarify that payments that go through the	The amount of Kshs.370,958,471 is a typing error. The correct amount should be Kshs.328,345,971. Therefore, the difference is Kshs.20,035,430 is attributed to voided transactions which are not fully cleared in the IFMIS. • Not explained why voided transactions	The Committee recommends that; 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Kshs.62,197,930. Reconciliation between the two sets of records was not done.	Internet Banking (IB) are captured in the payment details in the IFMIS system. Hence the difference between the two figures was as a result of transactions which do not go through the payment details but forming part of the expenditures reported in the financial statements. Further, during clean – up of system at the end of the financial year, the voided transactions remain in the payment detail analysis report but are cleared from the accounts analysis report which is used for preparation of financial statements. In the year under review, included in Kshs. 328,345,971 is Kshs. 127,656,991.25 which did not go through payment detail and were in the accounts analysis which formed part of the expenditure reported in the financial statement. Again, included in Kshs. 308,760,541 is Kshs. 108,071,561.35 which remained in the payment details	were not cleared after 30 June 2024.	adoption of this report; 2. The Office of the County Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds; 3. Within six months of adoption of this

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
		were voided transactions and transfers to other county government entities. Hence the variance of Kshs. 20,035,430.		report the CS National Treasury to ensure IFMIS reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved; and 4. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
3. Long Accounts Receivables- Outstanding Imprests	The recoverability of the amount advanced to the County Assembly amounting to Kshs.14,000,000 is doubtful.	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; Upon reconciliation with the County Assembly on the outstanding amount owed to County Executive, it was established that the Assembly owes the Executive Kshs. 9,000,000 and not Kshs. 14,000,000. However, the management has written to the Clerk to the County Assembly to refund the long outstanding amounts given that, these funds are for third parties.	The outstanding amount from County Assembly is indicated as Kshs.14,000,000. However, the correct outstanding amount is 9,000,000 as Kshs.5,000,000 received from the Assembly was not captured in the county executive records. The management has written to the county assembly about the same but no response has been received.	The Committee recommends that the Office of the County Governor immediately issue a formal demand letter to the County Assembly of Vihiga, requiring the prompt repayment of the outstanding Kshs.9,000,000 owed to the County Executive, or alternatively, provide a concrete and time-bound payment plan and ensure that a detailed status report on the actions taken to recover the funds is submitted to the Office of the Auditor General and the Senate within sixty (60) days from

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				the adoption of this report.
3.2 Outstanding Salary Advances	The recoverability of the accounts receivables – outstanding imprests amounting to Kshs.16,638,638 could not be confirmed.	The management acknowledges the Auditor’s observation on the above subject matter and responds as follows; Some of the long outstanding salary advances were advanced to Members of the County Assembly when the payroll was still managed centrally at the County Executive. The payroll was separated in September, 2015. The Clerk to the County Assembly was to recover and remit these outstanding advances to the County Executive. Despite the County Executive reminders to the Clerk, no action has been taken to date. Mr. Sande Mukuna and Mrs. Florence Khaguli worked in the previous regime	• Letter written to the clerk county assembly to recover and remit the outstanding salary advances to the county Executive. • No response received from the County Assembly and no action taken.	The Committee recommends that; 1. the County Executive immediately issues a formal letter of demand to the County Assembly, asking for recovery of the long-outstanding salary advances to the Members of the County Assembly (MCAs), including exploring legal action where necessary or providing a concrete plan for the recovery of the funds and provides a status report to the Office of the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
		and left without clearing their advances. We have written to them to repay. Mr. Newton Okwiya who worked in the previous regime passed on. The management is in the process of writing off his outstanding advance in line with the PFM Act, 2012.		Auditor General within sixty (60) days from the adoption of this report; and 2. The County Executive to provide a detailed status report on the actions taken to recover the outstanding advances, including progress on the recovery of amounts owed by Mr. Sande Mukuna and Mrs. Florence Khaguli, as well as the write-off process for Mr. Newton Okwiya's advance in line with Section 150 of the PFM Act, 2012, is submitted to the Office of the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations					
				Auditor General and the Senate within sixty (60) days from the adoption of this report.					
1. Budgetary Control and Performance	The summary statement of comparison of budget and actual amounts (recurrent and development combined) reflects final revenue budget and actual on comparable basis of Kshs.5,965,773,487 and Kshs.4,963,541,189 respectively resulting into	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; The underfunding of kshs. 1,002,232,298 were as a result of not receiving all the budgeted revenue by the county executive where the June exchequer and other conditional grants were not received as tabulated below, hence under-funding. TABLE 1 COUNTY GOVERNMENT OF VIHIGA REVENUE PERFORMANCE IN THE FY 2023/2024 <table> <tr> <th>Sr</th><th>n Revenue Source</th><th>Bud get Amount (Ksh s)</th><th>Actu al Rece ived (Ksh s)</th><th>Vari ance Kshs)</th></tr> </table>	Sr	n Revenue Source	Bud get Amount (Ksh s)	Actu al Rece ived (Ksh s)	Vari ance Kshs)	- The Committee observed that Equitable share of Kshs.421,362,153 was later received in August 2024 recognised in the subsequent financial year. - Other amounts were not received in full as was budgeted.	The Committee recommends that: 9. 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
Sr	n Revenue Source	Bud get Amount (Ksh s)	Actu al Rece ived (Ksh s)	Vari ance Kshs)					

Audit Query	Audit Finding	Management Response					Committee Observations	Committee Recommendations
	underfunding of Kshs.1,002,232,298 or 17% of the budget. In the circumstances, the under-funding affected the planned activities and may have impacted negatively on service delivery to the residents of Vihiga County. •	1	Equitable Share	5,267,026,885	4,845,664,732.00	421,362,153		10. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls.
		2	Leasing of Medical Equipment	124,723,404	-	124,723,404		
		3	DANIDA Grant-Primary Healthcare in Developed Context Program	22,812,439	8,489,250.00	14,323,189		
		4	Own Resources	300,549,454	162,304,033.00	138,245,421		
		5	Conditional Grant for Aggregated Industrial Parks Program	-	-	-		

Audit Query	Audit Finding	Management Response					Committee Observations	Committee Recommendations
		6	Transformin g Health Systems for Universal Care Project- THS-UHC	521	-	521		
		7	IDA (World Bank) credit (National Agriculture and Rural Inclusive Growth Project) NARIGP	93,5 31,6 72	13,38 9,987	80,1 41,6 85		
		8	Provision of Fertilizer Subsidy Program	97,6 62,4 44	-	97,6 62,4 44		
		9	IDA (World Bank) Credit- National Agricultural Value Chain Developme	200, 000, 000	195,1 12,95 2	4,88 7,04 8		

Audit Query	Audit Finding	Management Response				Committee Observations	Committee Recommendations
		10	nt Project (NAVCDP)				
		10	Agriculture Sector Development Support	6,83		5,84	
		10	Program - ASDSP II	9,704	990,847.00	8,857	
		11	Livestock Value Chain Support	14,3		14,3	
		11	Project (LVCSP)	23,680	-	23,680	
		12	Treasury Development - (KDSP)	8,442,09	-	8,442,09	
		13	Kenya Urban Support Program-UDG Grant	1,194,955	-	1,194,955	
		14	Village Polytechnic	6,141,234	-	6,141,234	

Audit Query	Audit Finding	Management Response					Committee Observations	Committee Recommendations
		151	Nutrition International	18,528	7,500,000	11,028		
		166	Climate Change Fund/FLLo CA	247,671,146	173,765,060.00	73,906,086		
		188	Balance (b/f)	270,395,647	270,395,647.00	-		
				6,679,844,805	5,677,612,507.50	1,002,232,298		
		•	Grand Total					
2. Pending Bills	Failure to settle pending bills amounting to Kshs.1,466,523 during the year in which they relate to distorts the financial	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; The management has scrutinized the pending bills as at 30 th June 2024, through the County Pending bills committee of which Kshs. 1,376,666,666 was verified to be the pending bills owed by the County					• According to the payment plan, the management intends to clear the pending bills by June 2027, a period of 3 years.	The Committee recommends that: 3. All County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	statements and adversely affects the budgetary provisions to the subsequent year as they form a first charge	Executive of Vihiga. The difference between the reported figure in the financial statements and the verified figure of 1,376,666,666 will be adjusted in the subsequent year 2024/2025 financial statements. However, the Vihiga County Executive is committed in addressing the pending bills issues and has in place a payment plan under which this will be settled. In addressing this matter, the management has set aside Kshs.679,120,202 in the approved supplementary budget for financial year 2024/2025.	• However, the payment plan is not approved by the cabinet.	and those above Ksh.1 billion by the end of the financial year 2024/2025; and 4. that- 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates;

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				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 vi. County governments shall conduct public participation while formulating supplementary budgets, failure

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				to which the Controller of Budget (CoB) shall not approve the supplementary budgets.
1. Unresolved Prior year Matters	Management had not resolved all issues raised in the prior year audits hence failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting template.	The management response to the Auditor's observation on the above subject matter is as follows. The management has adhered to the provisions of the Public Sector Accounting Standard Board template as shown in pages 30-35 of the financial statements. It has highlighted issues that were raised and debated at the Senate with comments of whether resolved or unresolved.	- The issues raised by the office of the auditor general for the financial year 2022-2023 and 2023-2024 have not been interrogated by the County Assembly and Senate. - Awaiting recommendations for appropriate action.	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.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
			• However, some of the OAG recommendations have been addressed and therefore not included in the audit for FY 2023-2024.	
2. Non-Achievement of Annual Development Plan and Budget Targets	Projects valued at Kshs.392,444, 106 were completed but not paid for. No plausible reason was provided. The County Executive is behind schedule in its implementation of the Annual	The management acknowledges the auditor's observation on the above subject matter and responds as follows. The Annual Development Plan (ADP) breaks down the projects, programmes and priorities contained in the CIDP that are earmarked to be implemented in the financial year. The ADP includes all projects to be funded by the County Government, the National Government, Development partners as well Public Private Partnerships. When it comes to the Annual County Government budget it only contains the projects that will be funded by the County Government	• No records provided to show the amount paid out of outstanding amount of Kshs.392,444. • In-sufficient funds allocated to development projects.	The Committee recommends that: 1. All County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and 2. that-

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Development Plan (ADP).	resource envelope. This was the main cause of the difference between the value of projects in the ADP and the Budget. The completed projects under the financial year 2023/2024 that were not paid were as a result of failure to receive all the exchequer from the National Treasury in the year under review. Nevertheless, the management has done its first supplementary budget FY 2024/25 that has allocated a total of Kshs. 679,120,202 towards payment of accumulated pending bills in FY2023/24 and prior years.		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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				quarter budget releases will not be done; ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				the Public Finance Management (County Governments) Regulations; iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates; v. County governments, in consultation with the Controller of Budget, to

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				supplementary budgets.
3. Late Exchequer Releases	Exchequer releases amount of Kshs.4,963,541,189 was received by the County during the year out of which Kshs.2,000,446,283 or approximately 40% of the total of 4,963,541,189 was received in the last quarter.	The management has noted the Auditor's observation on the above subject matter and is in agreement with the Auditor and looking forward to prompt exchequer releases by the National Treasury, as required by the law.	In the last few years, the National Treasury has not been remitting funds to counties in time and as stipulated in law.	The Committee recommends that; 3. 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 4. The county executive puts in place measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
1. Irregularities in the Construction of a Modern Funeral Home	The following unsatisfactory matters were noted: • Delay in completing and handing over the project for use. • The snags noted by the project implementation committee were yet to be addressed by the contractor. • Variations were	The management acknowledges the Auditor's observation on the above subject matter and response as follows; - Final snagging at the time of the audit had not been addressed however, the contractor has actioned on the snag list which has enabled the client occupy the funeral home. - Due process for variation was procedurally followed. The minutes from Contract Implementation Team (CIT) requesting for variations and approval by the accounting officer were available in the project file at the time of audit and they are still available for verification. - The change was necessitated by the fact that at the time roofing was taking place original Decra tiles as imported from New Zealand by Tile and Carpet were not available in the market and instead we had many inferior brands of similar appearance	• Completion certificate attached but handing over certificate is not provided • No final accounts were provided- the variations not fully supported. • Although roofing materials, ceilings etc used appears to have been of lower quality. No explanation was provided.	The Committee recommends that; 9. 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	not properly documented and justified . - Quality of roofing materials, ceiling boards, ceramic tiles etc differed with the ones specified in the bills of quantity . - It doubtful	from China which the contractor could not guarantee the quality, the roofing cover was thus substituted to Versatile Gauge 28 sheets. iv. The change in ceiling finish was requested by the user department, being Health, and noted in site meeting minutes and further recommended to the Chief Officer by the Contract Implementation Team (CIT) for approval before commencement. The ceiling was thus substituted to gypsum ceiling of similar quality. It is noteworthy to note that standard building contract and appendix to conditions of contract on Final Account states that all works done on site are re-measured and valued. v. There were shortages in Duravit sanitary fittings and contractor provided equivalent fittings. Currently the project is complete, handed over and in use.		(County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 10. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 11. The OAG to keep the matter in view and provide a status

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	if the changes were appropriately authorized and value for money realized from the cumulative expenditure of Kshs.94,294,478.	a) Recommendation for change in Scope of work b) Approval for change in scope of work c) Certificate for completion d) Photos		update to the Committee in the subsequent audit cycle; and 12. 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				General within sixty (60) days from the adoption of this report.
2. Delays in Completion of the Governor's and Deputy Governor's Residences	The County has not benefitted from the project which has cost Kshs.148,526,625 because of project delays and failure to allocate sufficient funds to complete the projects.	The management acknowledges the concerns raised by the auditor and responds as follows; 1. Status of Key Installations. i. Water Supply: The management has installed ground-raised steel water tanks at both residences, each with a capacity exceeding 10,000 liters. Plumbing works were completed, ensuring a reliable water supply. The Amatsi water company has finalized the connection of the potable water to the two residences ensuring a reliable water supply. ii. Electricity Connection: this was not part of the contract though the management is working to ensure both residences are connected to	• Communication between the contractor and management on outstanding works attached. • However, the inspection and acceptance committee report are not provided to confirm the current status • No completion/handling over certificate evidence to show that the buildings have been	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
		power lines. The payment of the connection fee was processed but due to delays in exchequer release, the process was halted. We have acquired a revised quote from the power utility company due to the lapse in time. To fully address the payment, the management has re-budgeted for the same. iii. Access Roads: this was not part of the contract, however, there exist access roads to the residences and the management will continue improving on their conditions. 2. Contractor Compliance and Project Completion Efforts The contractor handed over the project on 14/8/2024 within the extended period of 6 months from the month of march, 2024. Due to the extended time of construction of the project spanning over 7 years, latent defects started to manifest visually and in some	completed and handed over for use	money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2. The Office of the County Governor to prioritise completion of stalled

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
		installation via the operation of some fittings. This warranted the technical team to prepare a snagging list that was handed to the contractor. The contractor committed to address the failures within the grace period (defects liability period) that was to run till 14/3/2025.		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; and 4. The Office

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				the Auditor General within sixty (60) days from the adoption of this report.
3. Irregular Procurement of Motor Vehicle Insurance	Unsatisfactory matters noted: - The job was irregularly awarded to a supplier who failed to submit required security bond of Kshs.280,000. - The County failed to	The document was part of mandatory requirements and it was on bidder's attachments at the time of evaluation. It is important to note that, the insurance companies normally issue motor vehicle stickers upon payment of the premium. In this regard, the County Executive was issued with the stickers equivalent to the amount paid, of which covers the vehicles that were on road, therefore, the vehicles were covered.	- The security document was not provided by the firm awarded contract making procurement process irregular. - The county government breached the terms of payments (contract) as agreed with the	The Committee recommends that; The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents (security document amounting to Kshs. 280,000 for the successful bidder attached to the tender documents) to the auditors at the time of audit in accordance with section 156 of the

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	pay an annual instalment of Kshs.12,401,112. as provided in the contract .		service provider. Although the contract is still active, but we could not establish the amount paid to-date.	Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Government immediately settles the outstanding annual instalment of Kshs. 6,254,312 to ensure full compliance with the insurance contract. Failure to pay the full instalment exposes the County Executive to significant financial risk, as the insurer may refuse to honor obligations in the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				event of an accident due to non-payment and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and 3. The County Government reviews and amends Clause 4 of the contract agreement to align it with Section 147 of the Public Procurement and Asset Disposal Act, 2015, which mandates strict adherence to agreed terms and conditions, including payment schedules. The current clause,

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				which ties payment to the availability of funds, is unfair to the insurer and poses a significant risk to the County Executive in the event of a claim. The amended contract must ensure that payment obligations are clearly defined and enforceable and provide a copy of the revised contract be provided to the Office of the Auditor General within sixty (60) days from the adoption of this report.
4. Irregularities in the Proposals	Anomalies noted: • Delayed completion	The management acknowledges the Auditor's observation on the above subject matter and responds as follows;	• The Committee observed that the	The Committee recommends that; 4. The County Executive

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
ed Construction and Completion of Hospital Plaza	ion of the project Some of the outstanding works include; Epoxy floor finishes in some areas, Acoustic ceiling in some parts, Incomplete electrical/mechanical fittings, lift/generator installations and some external works	The computation of work done by previous contractor amounting to 193,951,779 was done by a consultant, Frader consultants. However, the first contract was awarded to M/S Kalalu Building Contractors whose bid sum was Kshs. 294,916,196.00. The electrical works were evaluated separately and awarded to Mbale Town Electroworks Limited at a bid sum of KShs 27,960,814.00. Furthermore, the design and supervision of the project was being carried out by consultant, namely Design infinity Architects, who were contracted for a sum of KShs 13,000,000.00 Therefore, the total cost of the project was coming to KShs 335,877,010.00 and not the Kshs. 250,000,000 stated. It is also noteworthy that over the ten-year period there has been an average	request for extension was approved for 12 months ending May 2025. - Only preliminaries are indicated as a 100% done. - Percentage of work done in other areas including builders works not indicated. - Variations as a result of	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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	- The temporary stoppage was attributed to delayed payment to the contractor. - Some of the works including retrofitting were not adequately quantified and valued.	inflation rate of over 6% annually resulting to a 60% drop in value of money from beginning of the period compared to the end). The contractor requested for an extension of 12 months on 20th February 2024 which was granted by the CO Health on 16th May 2024. Minutes and the letters recommending the extension and giving the approval are available). There have been challenges with adequate budget which have hampered progress, but noteworthy is that the contractor has nonetheless carried out more work than what has been paid for and has committed to completing the remaining works within the scheduled period. Documents detailing the scope of work and cost are available.	retrofitting is documented, however the preparer of the document and approver is not indicated. - Outstanding works include electrical/mechanical fittings, external works. - As at 14/3/2025, only 187 million out of Kshs.395 million had been paid.	Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 5. The Office of the County Governor to prioritise completion of stalled projects and provide a budget for their completion and provide a status update to the Auditor

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
		The County has challenges of inadequate development budget to cover all the flagship projects, however the County has allocated Kshs. 100,000,000 in the current budget and committed to budgeting for the outstanding balance in the subsequent budgets.	No evidence that adequate budget has been provided in the current financial year to cater for the completion of the project.	General within 60 days of the adoption of this report; 6. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle; and
5. Irregularity in Procurement of Non-Perishable Foodstuffs	Supply of non-perishable foodstuffs tender was awarded at a cost of Kshs.2,033,10 7. Review of	The procurement in question was for the Vihiga County Referral Hospital. The food items ran out of stock due to an unanticipated high rate of inpatient admissions during that month and there was an urgent need to procure them to alleviate patients suffering. In the	The Committee observed that the procurement process was irregular.	The Committee recommends that; 1. the Directorate of Criminal Investigations (DCI) undertakes a thorough investigation into the actions of the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	the supplier's file revealed that the Tender Evaluation Committee, professional opinion, notification of award, and notification of unsuccessful bids were all completed on the same day, 13 July, 2023. However, the Local Purchase Order (LPO) was issued on 17 July, 2023, less than four days later. • The procure	process therefore the timeline stipulated in the PPAD Act were not adhered to. The management regrets the error and commits to closely monitor its food item stock level so that the procurement is done in time. The management has since embraced 3-year framework contract for such procurement.		responsible officer(s) with a view to cause prosecution for violation of Section 135 (3) and (7) of the Public Procurement and Asset Disposal Act, No. 33 of 2015. The issuance of the Local Purchase Order (LPO) on 17th July 2023, merely four (4) days after the notification of award on 13th July 2023, constitutes a clear breach of the mandatory 14-day standstill period as per Section 135 93), which is intended to allow unsuccessful bidders adequate time to file complaints and

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	ment law requires a 14-day period to elapse after the notification of award, allowing unsuccessful bidders time to file complaints and have any disputes resolved before proceeding.			resolve disputes; and 2. The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.

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	Hence Management was in breach of the procurement law.			
Own Generated Revenue Automation				
a. Cost-Benefit Analysis of the Revenue Automation System	Revenue Automation System was contracted at a cost of Kshs.58,777,600. Analysis of revenue generated revealed an incremental revenue of only Kshs.8,618,829 during the year. -The County did not take	The management acknowledges the finding; The Automated Revenue Collection and Management (ARCM) system was launched in August 2023. The system is being implemented over a period of 2 years. The implementation of the system is over 80% complete with an anticipated closure date being 30th June 2025. Several benefits have so far been achieved over the last 20 months of operation and this include the following: (i.) Created a database of businesses and other tax payers in the county	• The Committee observed that benefits highlighted by management is not supported with any evidence. • Although it is indicated that the project is over 80% complete, but the same is not supported.	The Committee recommends that; 1. The County Executive of Vihiga ensures the full implementation of the Vihiga Revenue Automation System, with immediate measures taken to extend its coverage to all sub-counties and conduct a thorough mapping and registration of all revenue sources and enforce strict

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	appropriate action to enhance revenue collection as a result of revenue automation and continues to pay 3% as service fee to the vendor -It might take several years for the County Government to recover the initial cost of investing in the System.	(ii.) Automated the billing and invoicing process (iii.) Achieved 100% cashless transactions as all payments are made through mobile money or direct credit into our bank accounts. This has greatly reduced the risk of handling cash (iv.) Accurate and timely reports for decision making (v.) Improvement in revenue collection The costs of the Revenue Collection and Management System are spread over two financial years. The cost-benefit analysis is best calculated over five years for software assets when the implementation and utilization have reached maturity. It is important to note that such investments aim to provide long-term benefits and efficiencies in revenue management. As the system becomes fully operational and realizes the projected revenue management		compliance measures to maximize revenue collection potential and provide a detailed status update on progress of system implementation to Office of the Auditor General within sixty (60) days from the adoption of this report; and 2. The County Executive develops and implement robust strategies to enhance own-source revenue collection, ensuring that the system delivers value for money and addresses the high wage bill gap.

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		efficiency gains, it will have a huge positive impact and good returns on the investment. The reported incremental revenue of Kshs.8,618,829 reflects the first year of acquisition gains. However, the overall incremental revenue increased significantly from Kshs106 million in the previous year to Kshs161 million in the year under review, representing an increase of approximately Kshs55 million. We expect this figure to increase as the system is fully implemented. The service fee as covered in the contract signed between the vendor and the county will be reviewed according to the contract provision clauses once the final phase is achieved. No Service fee has been paid yet.		
b.Pending Works by Vendor on Revenue	Weaknesses noted: • Incompl etc	The management response to the Auditor's observation on the above subject matter is as follows;	• The responses are not supported with any evidence.	The Committee recommends that the County Executive of Vihiga immediately

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Automation System	System Implementation - The revenue system has not been integrated with the county's existing systems, including the Hospital Management Information System, IFMIS, Human Resource	- The contract of this project is still in force, and as such, the system will be handed over to the county upon the completion stage. - The project has a Terms of Reference, Project Charter and a contract in force that has defined deliverables. Our CIT and the vendor are on course according to the agreed project deliverable schedule. The required system integrations are also defined, and those out of scope will be covered in subsequent project phases. - The application of the 3% service fee, though captured in the contract signed between the vendor and the county, will be reviewed once the final phase is achieved. This has not been paid yet. We intend to implement measures to ensure that corresponding improvements in revenue collection and efficiency justify the service fee payments to the vendor.		engages the system vendor to ensure the full implementation, completion, and integration of the Vihiga Revenue Automation System with the County Executive's existing systems; this includes expediting the handover process from the vendor to the County Executive to ensure full control and ownership of the system.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	e Informa tion System (HRIS), GIS, G- PAY. • High Cost- An annual mainten ance fee of 3% of the revenue collecte d. How this was negotiat ed is not clear • Lack of backup and	• The server configuration has been completed, and the firewall has been installed. The system is now domiciled on our server at the county headquarters. • The system is installed on our server in the county and mirrored on our cloud server for backup and optimization. Additional offsite backup procedures will be put in place once the system is handed over.		

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	recover y procedu res- The server is new and has not been put into use because the firewall has not been installed .			
c. Unutiliz ed Point of Sales (POS) Machin es	The following were noted: i. Nine (9) machine s were faulty and returned to the vendor for	The management acknowledges the Auditor’s observation on the above subject matter and responds as follows; • Nine (9) machines broke down as they were in use from faults outside the warranty provisions and have been booked by the vendor for diagnosis and repair,	• The Committee observed that no evidence provided to the support the response.	The Committee recommends that the County Management expedites its engagement with the vendor to either repair or replace all faulty or non-functional gadgets to ensure the full operationalization of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	repair on 15 July, 2024, as the warranty period is still active. ii. Three (3) machines are under the custody of ICT support. iii. Three (3) machines with the vendor could	- Three (3) machines are used for system bench tests and training under the supervision of the ICT Support Unit. Bench Tests include continuous testing of updates and enhancements on revenue collection modules and test of new integrations for emerging revenue streams. These tests are essential for ensuring that software updates and system configurations are compatible and stable before deployment to field teams. Their retention for technical purposes is a strategic operational requirement. - The said three (3) machines were returned to the vendor under the warranty provisions and will be repaired or replaced as the guarantee stipulates. - The Twenty-nine (29) machines are a backup measure for the deployed machines in the field.		the revenue collection system. Additionally, the County must immediately deploy the twenty-nine (29) machines currently stored at the Revenue Headquarters and the three (3) machines under ICT Support Team to the relevant revenue collection points to maximize their utilization and provide a status report to the Office of the Auditor General within 60 days from the adoption of this report.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	not pick up network signals. iv. Twenty-nine (29) machines remain in store at the Revenue Headquarters. • The underutilization of machines and the lack of action to repair faulty devices	They are stored at the Revenue Headquarters, awaiting deployment. They are also used strategically when conducting compliance checks that require additional officers according to the revenue optimization schedule run by the directorate.		

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	may lead to revenue collection inefficiencies.			
6. High Pending Bills Related to External Advocates and Legal Cost	Unsatisfactory matters noted: i. The list of pending bills revealed a closing balance in the year of Kshs.230,628,051 ii. The amount includes Kshs.71,450,943 demanded by external lawyers iii. The County has contested the claim of	The management acknowledges the findings/observations of the Auditor-General in Part 2.0 of the audit survey for the FY2023/2024 under the subject “High Pending Bills Related to External Advocates & Legal Costs”. The Office seeks to make the following clarification on the opening balance of Kshs. 260,318,487.76 shown as legal fees: 1. The actual amounts demanded by external lawyers who represented the County Government in various court cases as per the fee notes we received after sending to them notification to state their claims is Kshs. 71,450, 943. Out of	○ The Committee observed that the County Attorney letter to the law society of Kenya (LSK) disputing some of the legal fees (pending bills) amounting to Kshs.58,000,000. ○ No response from LSK. ○ Issue of Kshs.106,000,000 which the	-The Committee recommends that; 4. 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Kshs.58,000,000 as exaggerated iv.Kshs.106,000,000 decreed be paid as salary arrears to the health workers employed in the year 2019.	these amounts we have contested the claim of Kshs. 59,740,000 as exaggerated by one of the firms who represented the County Government in seven cases but which the Office of the Court Attorney has taken. We are negotiating with the advocate to scale down the amounts failing of which we shall seek the intervention of Court to tax the Bills. These claims relate to advocates engaged before the Office of the County Attorney was operationalized in the year 2020. Thereafter we have not outsourced any legal services which in any case would not be lawful without the approval of the County Executive Committee as required by section 16(1) of the Office of the County Attorney Act.	Employment and Labour Relations Court in Kakamega is not satisfactorily addressed. ○ No evidence that these legal matters are being addressed conclusively.	Fund, failure to which the subsequent quarter budget releases will not be done; 5. The County Executive makes 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; and 6. The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation. The

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		Attached is a copy of the communication to the Law Society of Kenya over the same. As regards the part settlement of Kshs. 31,430,437 in legal fees, this is a function of the County Treasury which is responsible but we had earlier brought to the attention of the department the need to consult the Office of the County Attorney before making payment. 2. The rest of the amounts out of the Kshs. 260, 318,487.76 which is Kshs 188,867,538.76 represents decree sums arising out of judgments entered against the County Government inclusive of costs and interest. Of this there is a bulky amount of Kshs. 106,000,000.00 which the Employment and Labour Relations Court in Kakamega decreed be paid as salary arrears to the health workers employed		county should provide evidence of compliance with the County Attorneys Act within 60 days of adoption of this report.

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		in the year 2019. The Office of the County Attorney is pursuing appeal against the judgment and decree at the Court of Appeal. 3. The management agrees with the finding of the Auditor General, which is supported by the findings of the courts in the judgments against the County Government that imprudent decisions by the management have largely contributed to increased litigations against the county government but equally delay in disbursement of funds by the National Treasury leading to delayed settlement of pending Bills has contributed particularly as regards overzealous creditors who run out of patience too fast and resort to court process at the first instance. 4. The management agrees with the recommendations of the Auditor General of the unavoidable need		

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		for the accounting officers and departmental heads to work closely with the Office for legal opinion before committing the County Government. The Office of the County Attorney shall enforce this recommendation to the letter and in so doing also put pressure to the County Treasury to move along. Attached is a copy of the letter addressed to County Chief Officers on the demands from creditors which is in line with this recommendation.		
7. Non-Compliance to Climate Change Regulations	County Government of Vihiga has not fully implemented the laws, regulations and	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; i) All the projects in the County Department of Environment, Water, Energy and Natural Resources, including those	• No evidence to show that the work plan has been approved by the cabinet. • The Committee observed that all other	The Committee recommends that; 1. the County Executive should take immediate and comprehensive measures to ensure full compliance

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	polices on climate change in respect to: i. Some departments do not adhere to the requirements of EIA for the projects undertaken apart from the department of water and environment. ii. Currently, the County is not reporting the Greenhouse Gas Emissions	funded under the County climate change Fund Undertake ESIA before commencement. The county further notes that some departments did not undertake EIA before commencement of projects, and this was largely due to lack of budgeting for the same. In order to enhance the implementation of Environmental and Social Impact assessment for other department towards enhanced safeguards, the County cabinet resolved that all EIA costs must be made incorporated in project costs for all projects in the county. ii) The County Government of Vihiga has instituted measures towards Greenhouse Gas inventory reporting as envisaged under section 15 of the (National)	matters included in the response are not supported, hence may not be relied on.	with climate change regulations, laws, and policies, as stipulated in Article 69(f) of the Constitution and the Climate Change Amendment Act, 2023, which includes enforcing strict adherence to Environmental Impact Assessment (EIA) requirements for all projects, submitting timely and accurate reports on Greenhouse Gas Emissions, and expediting the disbursement of allocated climate change funds from the County Climate Change Fund and the Financing Locally Led Climate Action

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	due to capacity limitations. iii. Delayed FLOCCA disbursement hampers timely realization of intended benefits of the allocated climate finances.	Climate Change Act, 2016. Towards this, the County has incorporated Greenhouse Gas Inventory reporting in its revised Climate Change Act, 2025. Section 35 of the new Act stated that “The County Directorate of Climate Change in consultation with National Climate Change Directorate shall lay framework for estimation of Greenhouse Gas Emission for compilation and reporting of activity data within the county as guided by relevant national policies.” Based on the above, the County Government of Vihiga shall establish the requisite framework and commence reporting on Greenhouse Gas Inventories in the subsequent financial years. iii) The County Government takes note of the observation		(FLLoCA) program, to ensure timely implementation of climate initiatives; 2. the County Executive should enhance awareness and capacity-building efforts to align departmental operations with the Long-Term Low Emissions Development Strategy (LT-LEDS) 2022-2050, particularly in renewable energy adoption, climate-smart agriculture, and solar street lighting; and 3. the County Executive should document and incorporate stakeholder

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		that adequate resources are allocated for climate action both by the County Government being 2% of the County Budget as outlined in Section 4 of the Vihiga County Climate Fund Act, 2019. Further, the County receives funding from the National Treasury's Financing Locally Led Climate Action (FLLoCA) Program. The funds are for implementation of Community-prioritized Climate Resilience Investment Projects (CCRI) at ward level. The county notes that delayed disbursements of funds concerning both the FLLoCA Program grants and the County Contribution affect implementation of activities. For both cases, delays in exchequer releases led to		contributions from committees and forums into its climate action plans and submit a status update to the Office of the Auditor General and the Senate within sixty (60) days from the adoption of this report.

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		delayed disbursement into the climate change Fund. Delayed exchequer releases are factors beyond the county's control. i. Towards the alignment to the Long Term Low Emission Development Strategy, the county has embraced use of renewable (solar) energy water supply, public lighting and climate smart agriculture as observed by the Audit. In Addition, the County is implementing reforestation programs, with Maragoli Hills and Kibiri Forests being the main targeted ecosystems. So far, about 180 acres of Maragoli hills forest has been restored by the county government. The Section 38 of the Vihiga County Climate Change Act, 2025 requires public entities to perform duties towards climate change and this shall enhance more investment		

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		towards Low Emission Development across all the county departments. ii. As regards engagement of stakeholders in climate change initiatives, selection of climate change projects is done through community consultation forums in the wards as provided for in Section 23 of the Vihiga County Climate change Fund Act, 2019, thereafter, ward climate change planning committees are supported by the county directorate of climate change to develop proposals as outlined in section 24 of the Vihiga County Climate Change fund act which are reviewed by the County climate change planning committee and approved by the county climate change steering committee as guided by section 15 of the Vihiga County Climate Change Fund Act, 2019.		

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8. Irregular Payment to Council of Governors	Irregular payment of Kshs.3,000,000 to the Council of Governors. – as the CoG should be directly funded by the national government as provided under Section 37 of Intergovernmental Relations Act 2022.	The management response to the Auditor’s observation on the above subject matter is as follows; The payment towards the Intergovernmental relations and legal fees contributions of kshs. 2,000,000 and kshs. 1,000,000 respectively were as a result of the Council of Governor agreement in their meetings, hence the County Government of Vihiga had to honor the commitment. The correspondence of the same is available for your verification.	• The Committee observed that payment is supported with letters and minutes from the council of governors. • No justification provided to show why National Government is unable to fund these expenses.	The Committee recommends that; 1. the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to make the irregular contribution; and 2. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate.

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9. Non-Compliance with the Persons with Disabilities Act, 2013	Section 13 of the Persons with Disabilities Act, 2013 provides that the Council shall endeavor to secure the reservation of five 5% of all casual, emergency and contractual positions in	While it is noted that the staff population of persons with disability in the County is below the 5% minimum expected under the Law, there are various factors contributing to the same, such as failure by affected staff to register for the Council for persons with Disabilities in order to attain legal recognition, failure on the part of potential employees to apply for vacancies falling within the County Public Service despite the encouragement by the County Public Service Board in their job advertisements that persons with disability should apply. It is noted that for purposes of enjoyment of tax benefits, only staff who present their KRA tax exemption certificates are captured on the payroll and thus reflect on the byproduct as the recognized employees with disability. However, the audit concern is noted and going forward the County Public	The Committee observed that no evidence provided to show action taken by management to address the matter.	The Committee recommends that- 7. the County Executives should work progressively towards attaining the requirement of the Section 13 of the Persons with Disabilities Act, 2013 which provides a reservation of five percent (5%) of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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	employment in the public and private sectors for persons with disabilities. The County Government of Vihiga did not adhere to this requirement.	Service Board will be encouraged to intensify affirmative action so as to attract more persons with disability into the Vihiga County Public Service. Nonetheless, the strive to fully comply with the Law on the subject matter is gradual.		8. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with Section 13 of the Persons with Disabilities Act, 2013.
10. Regularity of Human Resources	The County executive wage bill is at 42% instead of 35%	Management notes the auditor's observation that there is no documented limit set by management with regard to expenditure on staff salaries. However,	The Committee observed that no evidence	The Committee recommends that- 5) the management should strictly

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
ce Manag ement Practic es	as provided in law.	this inadequacy on the part of management is informed by the fact that while section 25(1)(a) of the Regulations (County Government) under the Public Finance Management Act (PFM) obligates the responsible CEC-Member to set limits towards remuneration of staff, part (b) under the section makes it conditional that such ceiling so set shall not exceed 35% of the total County Revenue. The wage bill for the County Executive is currently at 42% of the County Revenue considering that staff remuneration is a priority item for charge on the County Revenue, no other ceiling may be set by the County in consistent with the legal threshold of 35%. In the spirit of the Law, the 35% limit is ordinarily meant to preserve most of the County revenue for development purpose. Hence, ordinarily any ceiling set by the CEC-Member is	provided to support management assertions.	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; 6) the county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap; and 7) the management of the concerned entities should

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		expected to be at the same level or lower than the legal threshold.		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. 8) Senate should consider reintroducing the fiscal responsibility index in revenue allocation to act as an incentive for counties that meet the PFM fiscal responsibility targets.
Basis for Conclusion				
1.Weak Controls over IFMIS	IFMIS payment details revealed that	The management response to the auditor's observation on the above subject matter is as follows;	The Committee observed that no supporting	The Office of the County Governor undertakes administrative action

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Payments Module	transaction of Kshs.1,823,193,355 were paid in cash as per item description. Cash payment is susceptible to manipulation.	The item description of cash payment in the system is a system programmed description for transactions such as salary payment, transfer of funds to departments, Imprest processing and retention payments to contractors. Therefore, the management confirms that there is no actual cash payment done by the County Government of Vihiga.	document provided	against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.

2.Weaknesses in Management of Drugs and Medical Supplies

KEMSA supplied of Kshs.72,857,500 to Vihiga County.

The statement of receipts and payments reflects use of goods and services amounting to Kshs.788,304,840 out of which Kshs.108,718,626 relates to purchase of specialized material and supplies as indicated in Note 3 to the financial statements. Included in the amount is medical supplies and drugs by Kenya Medical Supplies Authority during the year, totalling Kshs.72,857,500. Additionally, the following internal controls weakness were noted: -

2.1 Weaknesse	There were significant	The medical supplies once physically delivered, they are keyed in the CHIS	• The Committee	The Committee recommends that;
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Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
s in the Stores Management	weaknesses in the management of drugs in hospital stores as evidenced by the audit of Vihiga County Level 4 Referral Hospital as a sample to evaluate the efficiency of drug management. KEMSA records show that the Hospital received supplies worth Kshs.19,092,261 during the	system as stock received. During dispensation, the system automatically detects whether the drug is available or not. The system keeps all records of drugs received and dispensed. Records can be retrieved from the CHIS system to support this. Copy of the records available.	observed that only Kshs.2,948,066 out of Kshs.19,092,261 supported.	1. Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to support the Kshs.19,092,261 wholly to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. the County Management

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	audit year. The Hospital uses an Information Management System called CHIS to manage pharmacy records, including the receipt and dispatch of drugs, no annual reports generated from the CHIS system were provided to verify the supplies received from KEMSA during the year.			immediately address the weaknesses in the management of drugs at Vihiga County Level 4 Referral Hospital by ensuring the proper utilization of the CHIS system to generate accurate and comprehensive annual reports that verify the receipt, dispatch, and utilization of drugs, including the Kshs.19,092,261 worth of supplies received from KEMSA during the year; 3. the County should implement strict inventory control measures, conduct regular

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				reconciliations between physical stock and system records, and provide training to staff on effective store management practices to prevent discrepancies and ensure accountability and provide a detailed status report on the corrective actions taken, including evidence of improved store management and compliance with inventory control protocols to the Office of the Auditor General within sixty (60) days from the adoption of this report.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
2.2 Expired Medical Drugs	- Stores records revealed a high number of expired medical drugs. - The records were maintained manually without indicating the costs, making it impossible to determine the value of the	The management acknowledges the Auditor's observation on the above subject matter and response as follows; The CHIS system did not have all modules hence records of expired medical supplies is maintained manually. These records are available for verification.	- The Committee observed that Manual register maintained by management provided. - No action taken to solve the problem.	The Committee recommends that; the Office of the County Governor urgently address the issue of expired medical drugs by implementing a comprehensive inventory management system that ensures real-time tracking of drug expiry dates, quantities, and costs through the CHIS system, supplemented by accurate manual records. Further, immediate measures must

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	expired drugs during the year.			be taken to dispose of expired drugs in compliance with regulatory guidelines and to establish a proactive monitoring mechanism to prevent future stock expiries; and 2. the department of Health should conduct regular training for store management staff on best practices for inventory control and ensure periodic reconciliations between physical stock and system

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				records and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
3.Dormant Bank Account	Audit revealed that the County had 9 bank accounts that were dormant and had no operations for more than one year. The existence of such bank accounts was not justified.	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; The dormant bank accounts highlighted by the Auditor had comparative figures that had to be disclosed as required by the public sector accounting standard board (PSASB) reporting templates. The management has initiated the process of closing the dormant bank accounts which are not in operation.	The Committee observed that no action taken to address the matter.	The Committee recommends that the County Management takes immediate action to close the nine (9) dormant bank accounts that have had no operations for over one year, as identified during the review. All funds held in these dormant accounts must be transferred to the County Revenue Fund Account to ensure proper utilization and accountability of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				public resources and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
4.Weaknesses in IT Internal Controls System	The County Government has not established an IT Continuity and Disaster Recovery Plans. Without the recovery plan, the County is exposed to loss of data and business disruptions. Management	The management acknowledges the Auditor's observation on the above subject matter and responds as follows; The management is fast tracking the approval of the IT and Disaster Recovery Plan by having it approved by the County Executive Committee.	The Committee observed that no evidence that action has been taken to Fasttrack the approval of the.	The Committee recommends that; - the Accounting Officer puts in place an ICT, risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General; and - the Auditor General to closely monitor the development, documentation and communication of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				these policies within the county entities in the subsequent audit cycles.
5.Lack of Fully Operational Audit Committee	Audit Committee held meeting twice during the year instead of once quarterly contrary to Regulation 179(1) of the Public Finance Management Regulation	The management response to the Auditor's observation on the above subject matter is as follows; The audit committee as appointed was new and had transition challenges in settling down especially adjusting their busy work schedule to the requirements of their roles as members of the committee. The committee has an approved charter, developed a work plan and are now holding quarterly meetings as is required. The management regrets that the minutes presented for audit were not signed but have since been signed.	The Committee observed that Minutes of Committee meeting minutes and internal audit charter attached.	The Committee recommends that; 3. the county entities should expedite establishment of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report; and 4. The Committee further recommends that

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	ons which states that the Audit Committee shall meet at least once in every three (3) months. Audit Committee minutes provided for audit were not signed by the chairperson and			the SRC should review the compensation framework for Audit Committee members since the low sitting allowances may not attract seasoned professionals to the county Audit Committees.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	the secretar y and internal audit charter was not approve d casting doubt on their authenti city.			

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

Basis of Qualified Opinion.

SUMMARY OF UNRESOLVED ISSUES						
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1	Expenditure Relating to Other County Entities - Kshs.577,337,720 was spent on behalf of other entities, contrary to regulations.	Payment done on behalf of the entities and there is no operational independence	The County Assembly Building Block was initiated by the County Executive under the Department of Public Works and Housing in 2015/2016 but stalled for years,	The Committee observed that Section 25(1)(f) of the Public Finance Management (County Governments), Regulations, 2015 had been breached since	The Committee recommends that the management to ensure that the County entities have full independence to their funds.	Within 60 days after the adoption of the report.

			leading to costly office rentals; in 2023/2024, Kshs. 196,275,261 was allocated for its completion, and the project is now finalized. WAJWASCO relied on the County Treasury for supplier payments, but it has since gained full financial independence	the management paid the amount on behalf of other county entities.		
OTHER MATTERS						
2	Failure to Achieve Performance Objectives - Out of 10 planned mega pans, only 4 were built (smaller than planned), and	Performance target not met	The management responded that it commits to evaluating performance and tracking achievements against planned targets and	The Committee observed that the review of the County Executive's performance against predetermined objectives	The Committee recommends that; 7) The County Executive establishes a project management and monitoring System to help in proper project conceptualization,	Within 60 days after adoption of the report.

	only 27% of targets were achieved, while 55% were not met. No explanation was provided for the deviations.		priorities in the Annual Development Plan.	revealed significant deviations from the Annual Development Plan. Only four mega pans of 60,000M ³ were constructed instead of the planned ten of 100,000M ³ , and they were not reported in the performance statement. Out of 395 planned targets across nine departments, only 27% were achieved, 55% were not implemented, 14% were partially completed, and	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;	
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				5% had no status or remarks. No explanation was provided for these deviations, raising concerns about accountability and effective development planning.		
3	Unresolved Prior Year Matters - Several audit issues from the previous year's report remain unresolved. Management has not provided an explanation for failing to adhere to the Public Sector Accounting Standards Board template.	No evidence was provided to confirm that the audit issues were fully resolved	The management responded that it has made progress in implementing key audit recommendations, including establishing an Audit Committee and a risk management framework. It has prepared financial statements for all county entities and achieved full compliance with	The committee observed that issues from previous financial years had not been resolved.	The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adoption of this report.	Within 60 days after adoption of the report

			the PSASB Template.			
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						
4	Employees Earning Less Than One Third of Basic Salaries - 158 employees received net salaries less than one-third of their basic salaries, contrary to Section 19(3) of the Employment Act, 2007.	There is noncompliance with Section 19(3)	The County Executive will enforce adherence to regulations in place regarding staff salary commitments by screening all loans applications and strict monitoring of the institution giving loans.	The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.	The Committee therefore recommends that - 5) The county entities should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and 6) The Auditor General should continue monitoring the issue in subsequent audit cycles.	Continuous
5	Irregular Engagement of Casual Employees - 482 casual employees worked beyond	the County engaged casual employees beyond the legally allowed period without	The management stated that it is progressively addressing casuals performing	The Committee observed that Section 37(1)(a) and (b) of the Employment Act,	The Committee recommends that; - 9. The County Governor should ensure that casual workers are	Continuous

	the legally allowed period of three months, performing duties meant for permanent staff.	transitioning them to permanent or contractual terms against Section 37(1)(a) and (b) of the Employment Act, 2007	contractual and permanent employees' assignments including supply chain management and revenue collection by regularizing the affected staff.	2007 had been breached.	engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report; 10. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting	
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					positions and a platform for management of county human resources; and 11. the Auditor General to monitor the matter in the subsequent audit cycle.	
6	Non-Compliance with Engagement of Persons with Disabilities Requirement - Only 2% of employees were Persons with Disabilities (PWDs), contrary to the 5% requirement.	The county failed to comply with Section 13 of the Persons with Disabilities Act, 2013.	The management responded that it will progressively address the requirements relating to Persons with Disabilities to bridge this gap	The Committee observed that Section 13 of the Persons with Disabilities Act, 2013	The Committee recommends that- 1. the County Executives should work progressively towards attaining the requirement of the Section 13 of the Persons with Disabilities Act, 2013 which provides a reservation of five percent (5%) of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.	Continuous

					2. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with Section 13 of the Persons with Disabilities Act, 2013.	
7	Non-Compliance with Fiscal Responsibility Principle on Compensation of Employees - Employee compensation was 41% of total revenue, exceeding the 35% legal limit.	The County exceeded the 35% cap on employee compensation, leading to financial sustainability concerns.	The management stated that the Increase in wage bill is as a result of continued employment of staff in critical service delivery sectors, such as health, which have increased the overall wage bill.	The Committee observed that the County Executive's compensation of employees amounted to Kshs. 4,155,910,662, representing 41% of total receipts (Kshs. 10,166,128,101), exceeding the 35% legal limit by 6%. This violated Regulation 25(b) of the Public	The Committee recommends that; - 1. The County Executive strictly adhere to the provision of paragraph 25(1)(b) of the PFM Act (county government) regulations, 2015 which stipulate that the county wage bill should not exceed 35 percent of the county total revenue. 2. The management develops and updates its staff establishment and ensures that all staff compensations are processed through the	Within 60 days after adoption of the report.

				Finance Management (County Governments) Regulations, 2015, indicating non-compliance with expenditure controls.	IPPD system for accountability 3. That the County Executive provide to the Auditor General the measures put in place to contain the county higher wage bill within sixty (60) days from the adoption of this report .	
8	Irregular Payments to the Council of Governors and Frontier Counties Development Council Limited - Kshs.6,500,000 was paid without justification or legal basis.	Non-compliance with the Intergovernmental Relations Act. The payments were made without documented justification or legal authority.	The management responded that the increase in wage bill is as a result of continued employment of staff in critical service delivery sectors, such as health, which have increased the overall wage bill.	The Committee noted that payments made to the Council of Governors from County Revenue Funds were irregular and unlawful since the Intergovernmental Relations Act specifies that funding for the COG shall be drawn from the Consolidated Fund.	The Committee recommends that the irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who continues to make the irregular contribution. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of	Immediate

					Governors (COG) by the Governor. This is in line with the Resolution of the Senate.	
9	Fuel, Oil, and Lubricants - Payments amounting to Kshs.211,376,871 were made, but Electronic Tax Register (ETR) receipts were not provided.	Only Kshs. 27,391,007 supported by ETR. Balance of Kshs.183,985,864 not supported	The management stated that the suppliers were sensitized and they are currently using ETR Invoice.	The Committee noted that Regulation 104 (1) of the Public Finance Management (County Government) Regulations, 2015 had been breached.	The County should ensure that all fuel and lubricant purchases are supported by valid ETR receipts for accountability in accordance to Regulation 104 (1) of the Public Finance Management (County Government) Regulations, 2015	Within 60days after the adoption of the report.
10	Unserviceable Motor Vehicles and Equipment - 19 motor vehicles were grounded without a disposal or repair plan.	The County has not complied with asset disposal regulations. There is no clear timeline for finalizing the disposal of vehicles.	The management responded that the 15 vehicles in questions were transferred from National Government Ministries and Agencies without Log Books. In the circumstances, it is not possible to	The Committee observed that the absence of a policy for disposing of or repairing unserviceable vehicles has led to poor asset management and non-compliance	The Committee recommends that management should establish and implement a policy for the timely disposal or repair of unserviceable vehicles in compliance with Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020, to	Within 60 days after the adoption of the report.

			dispose off the vehicles. Valuation report for the plants and motor vehicles was undertaken by IGRTC and is work in progress	with Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020.	enhance asset management and prevent resource wastage.	
11	Expenditure on National Government Functions - Kshs.25,939,260 was spent on classrooms and administration blocks, which fall under the National Government's mandate.	The facility remains unused despite significant public investment, raising concerns over value for money and asset management. The vandalism of infrastructure further threatens its viability.	The management responded there were urgent requests from schools facing significant infrastructural challenges (channeled through the County Education Board). In light of this, we took proactive steps to construct classrooms and administration blocks in both primary and secondary schools.	The Committee observed that the management spent Kshs. 25,939,260 on classrooms and administration blocks, which fall under the mandate of the National Government. This indicates non-compliance with the designated functions, leading to possible misallocation of resources.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Committee recommends that the	Within 60 days after the adoption of the report.

					County Executive immediately formalizes partnership agreements with the National Government, Ministry of Agriculture, and Ministry of Education for the three (3) partially completed projects, as required by Section 118 of the County Governments Act, 2012; 3. The County Executive should focus on its mandates as outlined in Schedule Four of the Constitution and avoid undertaking projects that fall under the jurisdiction of the National Government, unless explicitly agreed upon through formal partnerships. The County Executive to provide a detailed status report on the corrective actions	
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					taken, including evidence of partnership agreements be submitted to the Office of the Auditor General within sixty (60) days from the adoption of this report .	
12	Wajir County International Abattoir - The abattoir remains unused and vandalized despite being completed years ago.	The facility remains unused despite significant public investment, raising concerns over value for money and asset management. The vandalism of infrastructure further threatens its viability.	The management stated that a feasibility study was conducted jointly with other abattoirs, and the National Government invested Kshs. 100 million before devolution. The County Executive later invested Kshs. 150 million, inheriting the incomplete project. The abattoir's full potential will be realized upon	The Committee observed that the management had a low absorption rate in project implementation hence there was no value for money.	The Committee recommends that; - 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	Within 60 days after adoption of the report.

			completion and operationalization		the date of adoption of this report.	
13	Farm Groups Projects - Kshs.11,670,632 was allocated, but eligibility criteria and monitoring reports were missing.	only certificate of registration provided while document to support criteria for selection or eligibility, monitoring reports on the outcomes and impact of the project not provided.	The management responded that the selection criteria prioritized pastoralist dropouts, Farmers Association members, peri-urban small-scale farmers, and women household heads. Supporting documents are available for audit review.	The Committee observed that the management spent Kshs. 227,223,337 on the rehabilitation of civil works, including Kshs. 11,670,632 for solarization, water reticulation, and the installation of elevated plastic tanks for various farm groups. However, documentation supporting the selection criteria, eligibility of the groups, registration records, and	The Committee recommends that the management should develop and implement clear selection criteria for farm group projects and maintain proper documentation, including eligibility records, registration details, and project monitoring reports. This will enhance transparency, accountability, and the effective allocation of resources.	Within 60 days after adoption of the report.

				monitoring reports on project outcomes and impact were not provided for audit. As a result, the fairness and transparency of the allocation process could not be confirmed.		
14	Accumulation of Pending Accounts Payable - Kshs.999,082,032 in pending bills, with some dating back to 2014/2015. Pending accounts payables amounting to Kshs.9,847,454 were ineligible	Pending bills not being paid as first charge. No evidence that Ineligible pending bills has been removed from the list to ensure accurate financial reporting and accountability.	The management stated that the accumulation of pending Accounts payable is a challenge to the County due to outstanding pending bills from the FYs 2014/2015 to 2022/2023. Management commits to settle the pending bills through annual work plans, projections and	The Committee observed that the county entities had pending bills that had been outstanding for several years. Further, the entities continued to incur further bills without prioritizing payment of verified pending bills as a first charge in the subsequent	The Committee therefore recommends that: 19)the County entities should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; 20)the National Treasury should ensure timely release of funds to county	Within 60 days after the adoption of the report

			cash flow provisions. ⁷	financial year as required by law.	governments in line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and 21)the county executives put in place measures to enhance own generated revenue in order to meet its revenue target and address revenue shortfalls that contribute to the challenge of pending bills. 22)Pending bills deemed ineligible	
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					should be forwarded to the Directorate of Criminal Investigation (DCI) to investigate and take proper legal action against those filing false claims. 23) 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. 24) The National Treasury takes	
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					lead in a multi-agency approach to come up with legislative and procedural measures to deal with accumulation of pending bills in counties within 90 days of adoption of this Report. 25)County Governments to take note of judgement in a Kitale High Court Constitutional Petition E003 of 2023 that declared formation of pending bills verification committees unconstitutional and engage Office of the	
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					OAG and strengthen the internal audit functions. 26)All valid pending bills that have been reviewed by the OAG be paid and a payment plan be submitted to the county assemblies for approval and progress report on implementation sent to the Senate and the Office of the Controller of Budget. 27)The Committee will seek to reintroduce the Prompt Payment Bill with amendments aimed at ring-	
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					fencing a certain percentage of the equitable shareable revenue for pending bills and retain money at source to pay pending bills.	
15	Payments Outside the Disclosed List of Pending Bills - Kshs.19,886,011 was paid for projects that were not previously disclosed in financial statements	There was no evidence to confirm that the payments were part of previously incurred obligations.	the payments in question relate to legitimate obligations arising from projects undertaken in previous financial years. The omission from the disclosed list of pending bills was not intentional but due to reconciliation errors and incomplete documentation at the time of	The Committee observed that the county entities had pending bills that had been outstanding for several years. Further, the entities continued to incur further bills without prioritizing payment of verified pending bills as a first charge in the subsequent financial year as required by law.	The Committee therefore recommends that: 1) the County entities should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; 2) the National Treasury should ensure timely release of funds to county governments in	Within 60 days after the adoption of the report

			financial reporting.		line with the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and 3) the county executives put in place measures to enhance own generated revenue in order to meet its revenue target and address revenue shortfalls that contribute to the challenge of pending bills. 4) Pending bills deemed ineligible should be	
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					forwarded to the Directorate of Criminal Investigation (DCI) to investigate and take proper legal action against those filing false claims. 5) County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015. 6) The National Treasury takes lead in a multi-	
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					agency approach to come up with legislative and procedural measures to deal with accumulation of pending bills in counties within 90 days of adoption of this Report. 7) County Governments to take note of judgement in a Kitale High Court Constitutional Petition E003 of 2023 that declared formation of pending bills verification committees unconstitutional and engage Office of the OAG and	
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					strengthen the internal audit functions. 8) All valid pending bills that have been reviewed by the OAG be paid and a payment plan be submitted to the county assemblies for approval and progress report on implementation sent to the Senate and the Office of the Controller of Budget. 9) The Committee will seek to reintroduce the Prompt Payment Bill with amendments aimed at ring-fencing a	
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					certain percentage of the equitable shareable revenue for pending bills and retain money at source to pay pending bills.	
16	Failure to Implement E-Procurement - Procurement was done manually despite a directive requiring e-procurement.	Only purchase orders captured through and other Modules not in use	County Executive confirms that the County Executive was using e-procurement module for processing of purchase orders and no procurement was done outside the procure to pay module.			
17	Lack of Project Implementation Status Report - No implementation reports were prepared for 11 major projects.	Implementation status reports not prepared	the six ongoing projects, two are still in progress: the Accident and Emergency Construction, which is expected		The Committee recommends that; - 1) The County Executive establishes a project management and	

			to be completed in June and is set to become an iconic project for Wajir County, and the County Industrial Aggregation Industrial Park (CAIP), which is partly funded by the National Government. We kindly request that the Auditor to conduct an inspection in the upcoming financial year to assess the progress of these projects.		monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2) The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their	
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					completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
18	Failure to Implement Audit Recommendations - Prior year audit recommendations were not addressed.	No evidence provided to confirm implementation of the recommendations	County has implemented part of the recommendations issued by the Auditor and the County Public Accounts and Investment Committee of the Senate.	The committee observed that issues from previous financial years had not been resolved.	The Committee recommends that the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.	Within 60 days after the adoption of the report

19	Lack of Project Specifications in the Budget - The County Budget lacked specific project allocations, making it difficult to verify alignment with the Annual Development Plan.	The absence of specific project allocations in the budget makes it difficult to track expenditure against planned projects, leading to a lack of transparency and accountability.	The management responded that Regulation 40 of the Public Finance Management (County Governments) Regulations, 2015 requires Each county government's budget estimates shall be prepared, accounted for and reported in accordance with the Government of Kenya budget classification and standard chart of accounts issued by the National Treasury.	The Committee observed that the management had a low absorption rate in project implementation hence there was no value for money.	The Committee recommends that; 1) The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report;	Within 60 days after adoption of the report
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					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.	
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REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

20	Payment of Salary Through Manual Payroll - 1,114 employees were paid	The County still maintains manual payroll and there is payroll transparency,	The processing of personal numbers for new staff necessary for IPPD payroll	The Committee noted that some Counties Executive were making payments	The Committee recommends that; 3) County Entities should engage the	Within 60 days after adoption
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	Kshs.23,792,180 through manual payroll, raising concerns about transparency.	accuracy, and financial compliance.	takes time to be created by the Department of Public Service Management (DPSM). It is in this period that these employees are paid through the manual payroll and immediately their personal numbers are received their details are transferred into the IPPD payroll. County will comply with the audit recommendation	of salaries for some of its employees outside the Integrated Personnel and Payroll Database (IPPD) System.	State Department of Public Service to fast-track the issuance of personal numbers to enable Counties onboard all employees on the Integrated Personnel and Payroll Database (IPPD) System; and 4) the Auditor General to monitor the matter in subsequent audit cycle.	of the report.
21	Weaknesses in Management of Non-Current Assets - Non-current asset registers, policies, and procedures were not provided, and	Asset registers, policies, and procedures not provided, and assets not tagged.	With the adoption of Accrual Accounting, we confirm that there is an ongoing initiative to develop and implement an asset management framework	The Committee observed that the County Executive: - 1) had not updated their Fixed Assets Register;	The Committee recommends that; - 9. County should expedite the process of updating and presenting their Fixed Assets Register in the format prescribed	Within 60 days after the adoption of the report.

	assets were not tagged.			2) had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities inherited from the defunct local authorities. This has affected the correct statement of the assets and liabilities.	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; 10. County should adopt and implement the report of the Inter-Governmental Relations Technical 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	
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					11. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
22	Lack of Inventory Management System for Drugs and Medical Supplies - Inventory records were manually maintained, increasing the risk of inefficiencies and errors.	No inventory management system in place	The County Executive to implement best practices in establishing an inventory management system to effectively manage the stock of drugs and medical supplies. These records will be organized by item code number, arranged in chronological order, and categorized by fiscal year to ensure efficient tracking and accountability.	The Committee observed that the County Executive: - 1) had not updated their Fixed Assets Register; 2) had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities inherited from the defunct local authorities. This	The Committee recommends that; - 12. 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;	Within 60 days after the adoption of the report.

				has affected the correct statement of the assets and liabilities.	13. 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 14. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
23	Effectiveness of the Internal Audit Unit and Audit Committee - the	Without the internal audit reports and	The County internal audit has an annual audit work plan.	The Committee observed that in a number of the entities	The Committee recommends that the county entities should expedite establishment	Within 60 days after adoption

unit only carried out audit of the financial operations of Wajir Water and Sewerage Company Limited the County Executive stores. Other major areas of the County Executive operations were not covered during the year. Reasons cited for the limited coverage included staff shortage and lack of adequate budgetary allocation.	without audit committee discussing reports hinders effectiveness of the Internal Audit Unit and Audit Committee		considered, management had not established audit committees to provide oversight on the financial and other operations of their financial affairs as required under Section 167(1) of Public Finance Management (County Governments) Regulation, 2015.	of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. The Committee further recommends that the SRC should review the compensation framework for Audit Committee members since the low sitting allowances may not attract seasoned professionals to the county Audit Committees.	of the 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 WEST POKOT COUNTY EXECUTIVE FOR THE
FINANCIAL YEAR 2023/2024**

Qualified Opinion

AUDIT QUERY/AUDIT FINDINGS	Management Response	Committee Observation	Committee Recommendation	Timeline
REPORT ON THE FINANCIAL STATEMENTS				
1.Inaccuracies in Exchequer Releases: A variance of Kshs. 2,162,181 between the reported Exchequer releases and the actual transfers to the County Revenue Fund was not reconciled.	The variance of Kshs. 2,162,181 was attributed to a misclassification of funds transferred from the FLOCA SPA CBK account. Management acknowledged the error but argued that it did not affect the overall accuracy of the total receipts.	While the misclassification is a procedural error, the management's explanation that it does not impact the total receipts is plausible. However, the misclassification indicates a need for better financial reporting practices to avoid such errors in the future.	In line with Paragraph 1.3 of IPSAS (cash basis) which paragraph requires that financial statements prepared under the cash basis must fairly present the entity's cash receipts, payments, and balances, The County Executive	Immediately

			should ensure accurate classification and reconciliation of all financial transactions, including Exchequer releases, in accordance with the Public Finance Management Act, 2012 . A robust financial reporting system should be implemented to avoid misclassifications and ensure transparency.	
2.Inaccuracies in Transfers to Other Government Entities: Transfers amounting to Kshs. 777,775,955 did not include returns to the County Revenue Fund (CRF) of Kshs. 46,884,886.	The returns to the County Revenue Fund (CRF) were reflected as an adjustment to the fund balance brought forward, not as transfers.	This explanation clarifies the discrepancy, but it highlights a need for clearer financial reporting to ensure that all transactions	The County should ensure that all transfers, including returns to the County Revenue Fund (CRF), are accurately recorded	Immediately

		are accurately categorized and disclosed.	and disclosed in the financial statements as required by Paragraph 1.3 of IPSAS (cash basis) . Regular reconciliations should be conducted to avoid discrepancies.	
3.Inaccuracies in Own Source Revenue: The County Executive had not fully automated its revenue streams, and there was no updated valuation roll, raising concerns about the accuracy of the reported own source revenue of Kshs. 185,477,320.	The county has deployed a fully automated revenue collection system and is awaiting the valuation and transfer of land parcels to update the valuation roll.	The deployment of an automated system is a positive step, but the delay in updating the valuation roll (which expired in 2016) is concerning. This delay could impact revenue collection efficiency and accuracy.	The County should expedite the preparation and approval of an updated valuation roll as mandated by section 13 of Valuation for Rating Act, 1984 . Additionally, the County should fully automate its revenue collection systems to enhance accuracy and completeness of	Six months from the adoption of this report

			own-source revenue reporting.	
4.Budgetary Control and Performance: The County Executive experienced underfunding of Kshs. 911,685,958 (13% of the budget) and under-absorption of funds of Kshs. 964,644,497 (14% of the budget), affecting service delivery.	Late exchequer releases slowed down absorption rates, and unabsorbed funds were rolled over to the next fiscal year.	This is a common issue in many counties, but it underscores the need for better budget planning and coordination with the national treasury to ensure timely disbursement of funds.	The County should improve budget planning and execution to avoid underfunding and under-absorption of funds. This includes timely procurement processes and better coordination with the National Treasury to ensure timely Exchequer releases, as per Section 17 of the Public Finance Management Act (PFMA), 2012 which provides that funds must be disbursed to county governments no later than the 15th day of each	Immediately

			month unless exceptional circumstances arise.	
5.Pending Accounts Payables: Unsettled bills amounting to Kshs. 321,655,764, including Kshs. 170,428,094 for construction works, distorted the financial statements.	Late exchequer releases caused delays in settling bills, but the bills have since been paid.	The management's explanation is reasonable, but the delay in settling bills could have affected service delivery and financial planning. The county should work on improving cash flow management.	The Committee recommends that: 3. 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 4. that 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	
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			quarter budget releases will not be done; 5. The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases; 6. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance	
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			Management (County Governments) Regulations; 7. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re- allocations out of the approved budget estimates; 8. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that	
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			initiation of new projects to cease until completion of the existing projects; and 9. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES				
6.Completed but Unutilized Projects:		The response indicates that the county is taking	The County should ensure that completed projects	Immediately

Ten completed projects (health facilities and roads) costing Kshs. 23,532,775 were not in use due to lack of handover or equipment.		steps to address the issue, but the delay in utilizing completed projects is a significant concern. The county should ensure that projects are not only completed but also operationalized promptly to deliver value for money.	are promptly handed over, equipped, and operationalized to deliver value for money, as required by the Public Finance Management Act, 2012 . A monitoring mechanism should be established to track project utilization.	
7.Stalled Projects: Several projects were stalled, including: Male Ward at Kacheliba Sub-County Hospital: 70% complete, but stalled with Kshs. 7,298,186 paid. Pkopoch Tourist Hotel and Hospitality Development Centre: Stalled at the first floor,	• Delays and Terminations: Projects were delayed due to administrative assessments, contract terminations, and rate changes. • Phased Implementation: Projects are being implemented in phases due to	The management has provided detailed explanations for the delays, including contract terminations and budget issues. However, the fact that many projects stalled for extended periods raises questions about	The County should conduct regular project monitoring and evaluation to avoid delays and ensure timely completion of projects. Contractors should be held accountable for delays, and contracts should be terminated or	Immediately

with Kshs. 84,740,392 paid. Ladies Hostel at Chesta Teachers Training College: Stalled with incomplete works, including a septic tank and rainwater disposal. Education Administration Office Block in Kapenguria: Delayed and incomplete, with Kshs. 35,842,107 paid. Governor's Office Complex: Stalled after design changes, with no documentation for the changes.	resource constraints. • Contractor Challenges: Contractors faced logistical and environmental challenges, leading to extensions. • Completion and Handover: The Ladies Hostel project has been completed and handed over, with proper documentation and approvals.	project management and oversight. Physical inspection of the project conducted on 14 March 2025: Pkopoch Tourist Hotel and Hospitality Development Centre – the project is incomplete. No contractor on site. Ladies Hostel at Chesta Teachers Training College-project is complete Education Administration Office Block in Kapenguria- the project is ongoing. Contractor is on site. Governor's Office Complex- the	extended in accordance with the Public Procurement and Asset Disposal Act, 2015.	
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		project remains incomplete. No contractor on site.		
8.Partial Implementation of e-Procurement System: The e-procurement system was not fully utilized, contrary to regulations.	The county is transitioning to a fully functional e-procurement system, with the National Treasury piloting Electronic Government Procurement.	The partial implementation of the e-procurement system is a significant compliance issue. While the county is working towards full implementation, the delay in adopting the system has likely led to inefficiencies and potential breaches of procurement regulations. Issue not addressed	The County should fully implement the e-procurement system in compliance with Regulation 49(2) of the Public Procurement and Assets Disposal Regulations, 2020. The National Treasury should provide the necessary support to ensure full integration with the State Portal.	Immediately

9.Non-Compliance with Fiscal Responsibility on Wage Bill: The wage bill exceeded 35% of total revenue, breaching the Public Finance Management Regulations.	The high wage bill is attributed to inherited staff from the national government and defunct local authorities, as well as the need to employ additional staff for new infrastructure. The county is taking steps to reduce the wage bill through staff rationalization and other measures.	The high wage bill is a common challenge for many counties, but it is a serious issue that affects the county's ability to fund other critical services. The county's plan to reduce the wage bill is commendable, but it will require sustained effort and political will to achieve the statutory ceiling of 35%. Issue not addressed	The County should take immediate steps to reduce the wage bill to the statutory ceiling of 35% of total revenue, as required by Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015. This may include staff rationalization, redeployment, and reducing new employments.	Immediately
10.Non-Compliance with One-Third Basic Rule Policy: Some employees received net salaries less than one-third of their basic salaries, violating the Employment Act.	The county uses the Integrated Personnel and Payroll Database (IPPD), which ensures compliance with the one-third basic rule, except in cases of overpayment recoveries or court attachments.	The management's explanation is reasonable, but the introduction of new taxes (e.g., housing levy) has affected some employees' net	The County should ensure that employees' net salaries comply with the Employment Act, 2007 and the Human	Immediately

		earnings. The county should monitor payroll deductions to ensure compliance with the one-third rule.	Resource Policies and Procedures Manual for the Public Service, 2016. Deductions should not exceed two-thirds of basic salaries, and any exceptions should be properly documented and justified.	
11.Failure to Publish Tenders and Contracts: Awarded contracts were not published on the Public Procurement Information Portal, breaching the Public Procurement and Asset Disposal Act.	The county published 439 contracts, but some departmental officers faced technical challenges with the procurement portal. These issues have since been resolved.	The failure to publish tenders and contracts is a serious compliance issue, but the county's response indicates that steps have been taken to address the problem. The county should ensure that all procurement activities are transparent and	The County should ensure that all awarded contracts are promptly published on the Public Procurement Information Portal (PPIP) and the County's website, as required by Section 138 of the Public Procurement and Asset Disposal Act, 2015 and Executive	Immediately

		comply with legal requirements.	Order No. 2 of 2018.	
12.Irregular Commitment of Funds: Funds were committed after the statutory deadline without written approvals.	Funds were committed late due to delays in supplementary budget approval, but the funds were rolled over to the next fiscal year.	The late commitment of funds is a breach of regulations, but the county's explanation is plausible given the delays in budget approval. The county should work on improving its budget approval processes to avoid similar issues in the future. Issue not addressed	The County should ensure that all commitments for goods and services are made before the statutory deadline of 31 May each year, as per Regulation 50(1) of the Public Finance Management (County Governments) Regulations, 2015. Any late commitments should be approved in writing by the Accounting Officer.	Immediately

13.Non-Compliance with Staff Ethnic Composition: 90% of new recruits and 85% of total staff were from the dominant ethnic community, violating the County Government Act and National Cohesion and Integration Act.	The county faces challenges in attracting staff from other regions due to its status as a hardship area and insecurity perceptions.	While the county's challenges are understandable, it is still obligated to comply with the law on staff ethnic composition. The county should explore innovative strategies to attract a more diverse workforce, such as offering incentives or improving security perceptions.	The County should take proactive measures to ensure compliance with Section 65(e) of the County Government Act, 2012 and Section 7(1) and (2) of the National Cohesion and Integration Act, 2008. This includes targeted recruitment campaigns to attract candidates from underrepresented communities and addressing perceptions of insecurity.	Immediately
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT & GOVERNANCE				
14.Lack of Valuation Roll: The County did not have an updated	The county is awaiting the valuation and transfer of land parcels to update the valuation roll.	The delay in updating the valuation roll is a significant issue that	The County should expedite the preparation of an updated valuation	

valuation roll, affecting property rate collection.		affects revenue collection. The county should expedite the process to ensure accurate and fair property rate assessments.	roll in compliance with the section 13 of Valuation for Rating Act, 1984 . This will enhance revenue collection and ensure accurate property rate assessments.	
15.Internal and External Performance Appraisal on Internal Audit: No performance appraisal or external assessment of the internal audit function was conducted, raising concerns about its effectiveness.	The internal audit and audit committee conducted self-assessments, and gaps were identified and documented. The management plans to address these gaps.	The lack of regular performance appraisals for the internal audit function is a concern, but the county's plan to address the gaps is a positive step. The county should ensure that these plans are implemented promptly.	The County should conduct regular internal and external performance appraisals of the internal audit function to evaluate its effectiveness, as required by ISSAI 3000 and 4000 . The Audit Committee should provide recommendations for improving the internal audit's independence and competency.	Immediately
16.Lack of Enforcement of Internal Audit Recommendations: Management did not effectively monitor the	The management has established a policy framework for enforcing internal audit recommendation	The establishment of a policy framework is a positive step, but the county must ensure that the	The County should establish a robust system for monitoring and enforcing the	Immediately

implementation of internal audit recommendations, contrary to regulations.		framework is effectively implemented to improve internal controls and governance.	implementation of internal audit recommendations, as required by Regulations 165(1) and 165(2) of the Public Finance Management (County Government) Regulation, 2015. An action plan should be developed to address audit findings.	
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF KITUI COUNTY EXECUTIVE FOR THE
FINANCIAL YEAR 2023/2024.**

Basis for Qualified Opinion

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
1. Unconfirmed Revenue	- Receipts totalling Kshs.3,980,755 included in F.S figure of Kshs.3,111,155,760 were recorded in the cash book but did not reflect in the bank statements(or reconcilliation) - Further, the cashier analysis indicated Kshs.3,794,256.	- The receipts totaling Kshs 3,980,755 is a reconciling item in the bank reconciliation statement. it is summation of Kshs.3,794,256 which was unbanked as of 30th June 2024 and Kshs. 186,499 banked on 1st and 2nd July 2024 as highlighted in the July 2024 Bank statement. - The recovery of the Kshs. 3,794,256 unbanked revenue is ongoing with Kshs 1,218,173.00 recovered from revenue collectors' salaries from July	- Receipts totalling Kshs.3,980,755 included in F.S figure of Kshs.3,111,155,760 were recorded in the cash book but did not reflect in the bank statements(or reconcilliation). - The cashier analysis indicated Kshs.3,794,256. - County's electronic revenue collection system records for land rates (LAIFOMS) indicated uncollected revenue arrears of Kshs.1,098,129,827.	The Committee recommends that; - 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; - County should adopt and implement the report of the Inter-Governmental Technical Relations

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	In addition, County's electronic revenue collection system records for land rates (LAIFOMS) indicated uncollected revenue arrears of Kshs.1,098,129,827.	2024 to February 2025. The County's electronic revenue collection system records for land rates (LAIFOMS) revealed that an outstanding property rates totalling Kshs.1,098,129,827 owed to the County at the year end.		Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.
2. Pending Accounts Payables	Financial statements reflect total Kshs.861,319,545 being accounts payables not	The County Government of Kitui has since received the undisbursed funds for June 2024 and prepared a supplementary budget	Financial statements reflect total Kshs.861,319,545 being accounts payables not settled as at 30 June, 2024.	The Committee recommends that; 1. Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	settled as at 30 June, 2024. Management explained that pending bills resulted from failure to get june disbursement Kshs.866 million, but no evidence was provided to confirm that the bills were settled as a first charge in the subsequent year.	to revoke the funds for pending bills which were not paid as of June 30, 2024, in the 2024/2025 financial year budget. This supplementary budget I for 2024/2025 was approved by the County Assembly of Kitui on 11th December 2024 each disbursement for January to June to settle pending bills.	Management has submitted a payment plan for pending accounts payables (January-June 2025) but there is no supporting budget, and has not provided evidence to confirm whether repayment of about Kshs.306 million for period between January and February 2025(as per payment plan) has been made in relation to pending bills.	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; 2. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				3. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; 4. Supplementary budgets for county governments are 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				existing projects and that initiation of new projects to cease until completion of the existing projects; and 6. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.
3. Unresolved Prior Year Matters	Management has not resolved all the prior year matters as prescribed by the Public Sector	The County Management appeared before the County Public Accounts to respond on issues raised by the Office of the Auditor General on the	- Management has not resolved all the prior year matters as prescribed by the Public Sector Accounting Standards Board. - Management did not provide any measures put	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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Accounting Standards Board, though they have been appearing in the Senate Committee on Public Accounts to respond and resolve issues raised. Further, Management did not provide any measures put in place to resolve the issues.	financial statements for the period 2020/21, 2021/22, and 2022/23. However, various issues still remain unresolved and we are working with various state bodies e.h OAG and NT to resolve the issues as well as matters raised by the Senate Committee.	in place to resolve the issues.	General within 60 days of the adopting this report.
4. Non-Compliance with One Third Rule	Review of the IPPD payroll data revealed that one thousand nine hundred	Anomaly was occasioned by: National Government's transition from the non-contributory pension Scheme for	Review of the IPPD payroll data revealed that one thousand nine hundred and nine (1,909) employees earned a net salary of less than a third	The Committee recommends that; 7) The county entities should configure their IPPD system such that it

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
of Basic Salary Rule	and nine (1,909) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section 19 (3) of the Employment Act, 17 of 2007.	national government employees and devolved staff to the Public Service Superannuation Scheme (PSSS) which is contributory. The introduction of the Housing Levy, revision of NSSF and SHA contribution rates further reduced employees' disposable incomes.	(1/3) of the basic salary contrary to Section 19 (3) of the Employment Act, 17 of 2007.	is able to lock out commitments beyond the accepted thresholds; and 8) Auditor General should continue monitoring the issue in subsequent audit cycles.
5. Non-Compliance with Law on Ethnic Diversity	County's master roll and other staff records indicated that out of 5,568 employees of the County Government, 5,061 or approximately 91 % of the total number	To ensure compliance with Section 65 (1) (e) of the County Governments Act, 2012, the Kitui County Public Service Board has undertaken the following measure to encourage non dominant communities to apply.	County's master roll and other staff records indicated that out of 5,568 employees of the County Government, 5,061 or approximately 91 % of the total number were from the dominant ethnic community in the County contrary to Section 65(1)(e) of the County Governments Act, 2012.	The Committee recommends that; 7) The County Executives should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	were from the dominant ethnic community in the County contrary to Section 65(1)(e) of the County Governments Act, 2012. Management indicated that majority of the County employees were from the National Government and those inherited from the defunct Local Authority who were mainly from	All advertisement for vacant positions clearly states that the County Government of Kitui is an equal opportunity employer and does not charge commission for its recruitment service.		8) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	the dominant ethnic community, no effort has been taken to address the issue.			
6. Non-Compliance with the Law on Fiscal Responsibility - Wage Bill	Financial statements reflect compensation of employees' amount of Kshs.5,002,692,126 which represents 38% of the total receipts of Kshs.13,074,283,745. contrary to the provisions of Regulation 25(1) (a) and (b) of the	- The County Executive is progressively implementing the recommendations of the Kitui County Human Resource Audit and Rationalization Committee to achieve the requirement of the regulation, and has made a raft of Recommendations geared towards trimming workforce and increasing revenue. - The county government is	- Kshs.5,002,692,126 which represents 38% of the total receipts of Kshs.13,074,283,745. contrary to the provisions of Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015. - Management formed a taskforce which presented their findings and recommendations in February 2023, as at time of the audit in November 2024 the recommendations had not been implemented.	The Committee recommends that; - 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; - The county executive puts in place measures to enhance its own source revenue

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Public Finance Management (County Governments) Regulations, 2015. Although Management formed a taskforce which presented their findings and recommendations in February 2023, as at time of the audit in November 2024 the recommendations had not been	implementing revenue automation to improve revenue collection and hence reduce the proportion of wage bill to the total 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.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	implemented			
7. Stalled Projects- Health	i) Storeyed Maternity Ward at Kitui County Referral Hospital - Project initiated in year 2016/2017 at a contract sum of Kshs.242,787,625 and target completion date of 18 May, 2019. - Project terminated on 18 December, 2018 and contractor had received Kshs.51,964,	- At the time of settling this matter (18th June 2024) the county had already submitted its budget for the year 2024/2025 to the county assembly for approval and could not include its completion estimate in the budget. - For proper planning the Ministry of Health and sanitation wrote to the County Department for Public Works via letter Ref: - CGKTI/MOH/PROC/3(078) dated 13th November 2024 to do a valuation of the project to quantify the cost of completing the project. The valuation	- Project initiated in year 2016/2017 at a contract sum of Kshs.242,787,625 and target completion date of 18 May, 2019. - Project verification revealed that it is still stalled.	The Committee recommends that; 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.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	035, but high court civil case No. 2 of 2019 ordered Kitui County to pay the contractor an amount of Kshs.254,238,639. • But out of court consent/agreement with the contractor on 18/6/2024 settled at Kshs.53,017,765 an amount paid to the contractor on 24/6/2024. • Project verification revealed that	report will guide the ministry in budgeting for the completion of the maternity ward at Kitui County Referral Hospital in subsequent years.		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 subsequent audit cycle.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	it is still stalled.			
9	ii)Proposed Completion of X-ray Building at Kauwi Hospital Project for construction of x-ray building was awarded on 2 February 2024 at a contract sum of Kshs.2,208,686 for a contract period of 120 days,but project was completed as planned but	The County Government of Kitui in the financial year 2017- 2018 in the month of March 2018 procured ten (10) no. X- ray machines at cost of Kshs 70 million. Kauwi Hospital X-ray machine was among the ten. However, the procurement process has been under investigation by the Ethics and Anti-Corruption Commission (EACC) due to alleged irregularities. The Ministry of Health and Sanitation wrote a letter (Ref: CGKTI/MOH/PROC/3/1(22 4)) dated 25th September 2024 to the EACC, regarding the intended installation and commissioning of the X-ray machine in light of the on-	Project for construction of x-ray building was awarded on 2 February 2024 at a contract sum of Kshs.2,208,686 for a contract period of 120 days,but project was completed as planned but not put tp use.	The Committee recommends that; 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

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	not put to use. This is despite the Hospital having an un-installed x-ray machine, one of ten(10) procured back in 2017-2018 at approximately 70 million.	going investigations relating to this supply. A copy of the request letter to the EACC is attached for reference.		date of adoption of this report. - 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. - The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.
9	iii)Oxygen Plant Machine - Kitui County Referral Hospital	The contract for the supply, installation, and commissioning of an oxygen plant at Kitui Referral Hospital was awarded		The Committee recommends that; The County Executive establishes a project management and

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	- Oxygen Plant machine procured in 2016/2017, by County Government at Kshs.14,500, 000 for use by Kitui Referral Hospital. - However, physical verification of the project carried out on 11 September, 2024 revealed that the plant was yet to be and it is stored in an unsecured storage space	in the FY 2016/2017 at Kshs.14.5 million, and contractor was required to supply install and commission the plant within 6 months, However, the vendor delayed the delivery, and the plant was not supplied until 17th December 2019 in the FY 2019/2020, 24 months outside the contract period. - As a result, the County Government did not take possession of the supply consequently, installation and commissioning of the plant were never done. - In the year 2021, the vendor filed a lawsuit against the County		monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report. 2. The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	outside, exposing it to risk of physical deterioration due to adverse weather conditions. • Management attributed the delay in installation and commissioning to disputes between the County and the supplier. • Management also noted that no payments have been made for the	Government of Kitui citing breach of contract and specifically non-payment. In this court case, the position of the County Government is that there was no contractual relationship with the vendor when the supply was made since the contract had been terminated by expiry of time.		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.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	plant machine.			
8. Kabati Slaughterhouse	- Project for construction of slaughterhouse awarded on 19 June 2008 at a cost of Kshs.4,427,863.80, but Contractor completed the project but declined to hand it over as contract sum had not been paid in full. - The County Executive inherited the project when the County	- The contractor/ the decree holder (Power Pump Technical Company Ltd) is yet to hand over the slaughterhouse owing to the pending court case. The County Government has been engaging the contractor in negotiations with a view to settle this matter. - The Parties were last in court on the 11th of March 2025 where the Court directed that the parties do a joint reconciliation of the outstanding claim in respect of interest since the County Government has paid	Project for construction of slaughterhouse awarded on 19 June 2008 at a cost of Kshs.4,427,863.80, but Contractor completed the project but declined to hand it over as contract sum had not been paid in full.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	was formed and the amount owed to the contractor has escalated to a tune of Kshs.6,197,755. Contractor, went to court and Court made a ruling for the County to pay the principal sum of Kshs.6,197,755.96, which was paid vide payment voucher number 48413 dated 26 September,	the principal claim. It is important to note that the interest imposed by the court has stopped running since the principal amounts have been paid. On the 12th of May 2025 when the court case will be mentioned, The County Government will be making an application to court to have the Contractor release the slaughterhouse for commissioning, so that it becomes available for use by County farmers.		- 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. - The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	2023 awaiting further determination of the matter. • However, despite payment of the amount, the County farmers are unable to access slaughterhouse.			
9. Unsatisfactory Implementation of Projects	i) Construction of Livestock • The County Government awarded a contract for proposed completion works for livestock	• A site inspection was carried out on 12th November 2024 where there were several defects identified as per attached site instruction report. • The contractor was notified through letter dated 12th November	• Audit inspection conducted in September 2024 revealed various defects which required to be attended, implying that project had not been implemented to scope. • Management indicated defects had been rectified, but there was no additional	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	office at a contract sum of Kshs.2,497,959 on 19 April, 2024. - Project was completed and Contract paid Kshs.2,130,156 as at 30 June, 2024. - However, audit inspection conducted in September 2024 revealed various defects which required to be attended, implying that project had	2024 (attached)from head of public works through the chief officer roads and public works, the contractor committed to make good defects via a letter dated 27th November 2024. The contractor has undertaken most of the works as per the site inspection minute dated 11th march 2025 (replaced all the internal door with thick solid core flush doors and mahogany veneer applied on both side, repaired cracked internal wall plaster finish and painted) the remaining works (hacking of the screed floor and redoing it as per the specification	inspection report provided to confirm the status.	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. - 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. - The OAG to keep the matter in view and provide a status update

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	not been implemented to scope. • Mangement indicated defects had been rectified, but there was no additional inspection report provided to confirm the status.	in the BoQ and allowing curing with adequate water) to be completed by 10th <i>April 2025</i>.		to the Committee in the subsequent audit cycle.
	ii)Construction of a Snake Pit at Mutomo Reptile Park • The County Government awarded a contract to construct a snake pit at Mutomo	• The contractor who implemented the contract for the snake pit was instructed to rectify the defects identified via letter dated 18th October 2024, before requesting for the retention payment. The contractor agreed to repair all the	• Audit inspection conducted on September 2024 revealed various defects.which required to be rectified.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Reptile Park at a contract sum of Kshs.3,217,312 on 16 December, 2023 and was paid vide payment voucher No. 52443 dated 30 May, 2024. However, audit inspection conducted on September 2024 revealed various defects which required to be rectified.	defects listed through a letter dated 24th October 2024. • All repairs have been undertaken as per attached joint inspection report.		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 within 60 days of the adoption of this report. 3. The OAG to keep the matter in view and provide a status update

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
				to the Committee in the subsequent audit cycle.
10. Tyaa Sumpwell and Civil Works at Tyaa River	The County Government awarded a contract for construction of Tyaa Sump-well and other Civil works at Tyaa river in Mwingi with scope of works being; intake works (construction of sump-well), solar pumping assembly, guardhouse and toilet, water transmission line (rising	- The siting of the solar pumping station is based on the technical design viability of the project including the efficacy of the system in power transmission and the targeted water volumes abstraction. Location of the pumping system was based on a careful assessment of the river flow which indicated that the siting of the solar system was viable both in terms of technical and commercial parameters for implementation. - The contractor was instructed to repair the	Security arrangements for the solar pumping station installations valued at Kshs.4,618,032 was not considered, security arrangements for the solar pumping station installations valued at Kshs.4,618,032 was not considered, and were at risk of vandalization.	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	main) and masonry storage water tank at Mwingi Town with a contract sum of Kshs.15,957,431 as per contract agreement signed on 23 February, 2024. • Upon completion of project, contractor was paid Kshs.13,607,837 on 21 June, 2024. • However, security arrangements for the solar	damages. The valves and chambers have been repaired and are now in good condition. • The project cost did not include the fencing of the solar installations in its bill of quantities. However, the management has budgeted to fence the site in the current financial year 2024/2025.		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 subsequent audit cycle.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	pumping station installations valued at Kshs.4,618,032 was not considered, and were at risk of vandalization .			
13 Non-Compliance with Deductions and Remittance of Statutory Dues	Review of payroll records revealed that the County did not deduct, and remit Pay As You Earn (PAYE) amounting to Kshs.6,673,380 to Kenya Revenue Authority (KRA) with	The County Government of Kitui has been working with the Kenya Revenue Authority to reconcile its tax liability arising from Pay As You Earn (PAYE), withheld Value Added Tax (VAT) and withholding Income Tax. This PAYE of Kshs.6,673,380 in question relates to assessment for the	- Review of payroll records revealed that the County did not deduct, and remit Pay As You Earn (PAYE) amounting to Kshs.6,673,380 to Kenya Revenue Authority (KRA) with some of the arrears dating back to the year 2021. - The delay in deduction and remittance to KRA is contrary to Section 37(1) of the Income Tax Act.	The Committee recommends that; 1. The County Executive adheres to Section 22(2)(a) of the Public Finance Management (County Government) Regulations, 2015, which provides that the accounting officer complies with any tax, levy, duty, pension, commitments and audit commitments as may

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	some of the arrears dating back to the year 2021. The delay in deduction and remittance to KRA is contrary to Section 37(1) of the Income Tax Act that requires an employer who pays emoluments to an employee to deduct and account for tax thereon, to such extent and in such manner	period January 2021 to December 2022. • The County Government and KRA have been directed by the TAT to reconcile the matter and return to court in May 2025 for direction.		be provided by legislation. 2. The County Executives engage the relevant entities to formulate a payment agreement to settle the outstanding statutory deductions and provide a detailed status report on the same to the Office of the Auditor-General for subsequent reporting within 60 days from the adoption of this report. 3. The Management adheres to Section 19 (4) of the Employment Act, 2007 in regards to remittance of employee remuneration deductions in accordance with the period specified by the relevant bodies.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	as may be prescribed.			
14. Lack of County Attorney	During tear under review, County Government lacked a County Attorney contrary to Section 4(1 and 2) of the County Attorney Act, 2020 that requires County Governments to establish an office of the County Attorney which will consist of County	- In the year under review, 2023/2024 the office did not have a substantive holder. During this period the functions of the County Attorney were discharged by the County Solicitor who is the principal assistant of the County Attorney in the execution of the functions of the County Attorney as provided for under section 17(3) of the Office of the County Attorney Act,2020. - The County Government of Kitui is in the process of recruiting a	- During tear under review, County Government lacked a County Attorney contrary to Section 4(1 and 2) of the County Attorney Act, 2020. - Evidence has been provided that County had hired County Attorneys before. - Management also explained that it is process of recruiting a County attorney. - Management is in breach of the law, and has not confirmed arrangements in place to appoint a County Attorney.	The Committee recommends that Manangement should confirm the arrangements in place to appoint a County Attorney.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Attorney, County Solicitor and such other number of legal counsels.	substantive County Attorney which is expected to be concluded by the close of FY 2024/2025.		
15. Late Submission of Climate Change Financial Statements	During the year under review, Management submitted the financial statements for climate change to the Auditor-General on 15 November, 2024 instead of the statutory deadline of 30	- The management had initially prepared the financial statements for the previous years for the climate change funds as part of the county executive report. However, with the advice of the auditors, the project funds will now be budgeted as transfers to ensure accounts preparation is clear. - The report has since been prepared and submitted to the	- Management submitted the financial statements for climate change to the Auditor-General on 15 November, 2024 instead of the statutory deadline of 30 September, 2024. - This is contrary to Section 29. (1) of Climate Change Act, 2016.	The Committee recommends that the County Chief Executive Officer (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Disclaimer opinion, the Committee recommends the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	September, 2024. This is contrary to Section 29. (1) of Climate Change Act, 2016 which stipulates that the Council shall cause to be kept all proper books and records of account of the income, expenditure and assets of the Council and shall cause the accounts of the Council to be audited within a period of	Office of the Auditor General.		sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	three months after the end of each financial year.			
1. Failure to Submit Financial Statements for Kitui Municipality	Review of the County records revealed that the County Government of Kitui established Kitui Municipality through a charter dated and approved on 29 June, 2018. However, the Municipality failed to submit financial statements for	<i>Kitui Municipality not autonomous and therefore its income, expenditure, assets and liabilities are included in the County Executive financial statements.</i> <i>The County Government of Kitui is in the process of setting up the structures necessary to grant autonomy to the municipality to enable it to prepare its financial statements.</i>	The Municipality failed to submit financial statements for 2019/2020, 2020/2021, 2021/2022, 2022/2023 and 2023/2024 financial years for audit contrary to provisions of Sections 46(1) and (2) of the Urban Areas and Cities (amendment) Act, 2019.	The Committee recommends that; The County Chief Executive Officer (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Disclaimer opinion, the Committee recommends

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	2019/2020, 2020/2021, 2021/2022, 2022/2023 and 2023/2024 financial years for audit contrary to provisions of Sections 46(1) and (2) of the Urban Areas and Cities (amendment) Act, 2019.			the sanctions outlined in Section 62(2) of the Public Audit Act, 2015; and 2. To enhance the effectiveness of Municipalities in Kitui County in executing their mandates, the Committee directs the Governor of Kitui County to ensure that their operational independence is fully operationalized in line with sections 12 (management independence), 20 (functional independence), 45 and 46 (financial independence) of the Urban Areas and Cities Act.
17. Irregular Funding of National Government Functions	The Office of the Governor spent an amount of Kshs.84,068, 141 for the award of	The Pro-Poor Fees Support Program was conceived in line with Article 43 (1)(f) of the Constitution of Kenya, 2010, which	The County Management was in breach of Fourth(4th) Schedule of the Constitution of Kenya, 2010, and further no MOU was signed between the	The Committee recommends that the County Executive to adhere to the provisions of Article 187(2) of the Constitution of Kenya.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	bursaries to student beneficiaries in secondary schools, universities, tertiary schools and special education institutions. • Further, the County, through the Ministry of Culture, Gender, Youth, ICT, Sports and Social Services, under the programme, funded sports related projects valued at	guarantees the right to education as a fundamental economic and social right for every person. The program aims to improve school retention rates and ultimately enhance education outcomes within the County and The selection of beneficiaries under the Pro-Poor Fee Support initiative was conducted transparently through public participation, in strict adherence to the guidelines outlined in the gazetted Pro-Poor	County and National Government in the referred areas.	

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Kshs.23,044,851 in various in primary and secondary schools.	Implementation Framework Further, Sports is shared function between the National and the County Governments. Under clause 17 of part I of the fourth schedule to the Constitution of Kenya 2010, assigns to the National Government the function of promoting sports and sports education.		
18. Irregular Payments to Council of Governors	As previously reported, the statement of receipts and payments and as disclosed in Note 6 to the financial statements	The Department paid the amount in question (Kshs. 3,000,000) to the Council of Governors based on the resolution made on 31st July 2023 that each County Government remits Kshs. 2,000,000 being	Kshs.3,220,000 irregularly paid to Council of Governors.	The Committee recommends that; The irregular payments to the Council of Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as Chief Executive Officer, who

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	reflects an amount of Kshs.1,047,235,986 under transfers to other government entities. Included in the amount is Kshs.3,220,000 irregularly paid to Council of Governors.	Intergovernmental contribution to the Council of Governors and Kshs. 1,000,000 being support towards legal fees for the Financial Year 2023/2024 as per the attached copy of letter Reference No. COG/6/12 Vol.12 (23) from the Chief Executive Officer, Council of Governors.		continues to make the irregular contribution. 2. The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor. This is in line with the Resolution of the Senate.
19. Internal Audit and Audit Committee	The County did not have an Audit Committee for the three quarters under review, hence audit work plans	The County Government of Kitui complied with the section 167(1) and 168 (a) of Public Finance Management (County Governments) Regulations, 2015 on	The County did not have an Audit Committee for the three quarters under review.	The Committee recommends that Management should have a properly constituted Audit committee, and properly staffed internal audit to ensure that internal controls are established and reviewed and are working as intended and provide a status report to the

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	could not be approved and head of internal audit reported functionally and administratively directly to the Accounting Officer. Further, review of human resource records revealed that the Audit Committee was not properly constituted as appointment letters provided for	establishment of an Audit Committee in 2018. The Audit Committee members were reappointed in March 2022. - However, the committee members resigned from the assignment citing personal reason in September 2023. - The County Government of Kitui filled the positions via an advertisement on Daily Nation dated 19th October 2023 as per attached newspaper extract. The committee was appointed in April 2024 as per attached appointment letters. The County Government is the process of finalising		Auditor General within sixty (60) days from the adoption of this report.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	audit review showed that two members (alternate) representing the Governor and County Treasury had not been appointed as at the time of audit in November, 2024. Further, internal audit unit was not properly staffed.	appointing the additional two alternate members. The County Government of Kitui has frozen recruitments due to non-compliance with the law on fiscal responsibility – wage bill. However, staff rationalization process will be carried out to ensure department or unit understaffed are adequately staffed with well skilled trained officers.		
20. Management of Assets	County's Non-current asset (as per register) amounted to	Livestock trucks: The vehicles at the Agricultural Mechanization Services were trucks which were procured for transport of	inventory indicated that various vehicles had no ownership documents like logbooks, but it was explained that such assets	The Committee recommends that; County executive should expedite the process of updating and presenting

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Kshs.27,117,024,014 However, review of the balances and physical verification of sampled assets revealed the following anomalies; • Three (3) motor vehicles at the parking yard, which were new vehicles (lorries) had been vandalized, and are currently grounded. • Other vehicles	livestock programme by Ministry of Trade, Cooperatives and Investments which never kicked off. The vandalization incident was reported to the police. However, the police investigations are still ongoing, and a conclusion is yet to be reached (See the attached Police Abstract). To ensure the effective utilization of the trucks, the County Executive Committee (CEC) held a meeting on Wednesday, 20th March 2024 and deliberated on the optimal use of the five trucks. The CEC resolved the trucks to be used as follows: Two trucks would be transferred to the Ministry of Water and Irrigation for	were inherited from the defunct Kitui Municipal Council. • Assets were not tagged for ease of tracking. • there was lack of formal guidelines on asset management from the County Treasury.	their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board before the transition to accrual basis of accounting and provide a status update to the OAG within 60 days of adoption of this report; 2. County should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and submit a status update to the Office of the Auditor General within 60 days of adoption of this Report; and 3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	inspected were explained to be in good serviceable condition but were lying idle (not in use) and exposed to risk of being vandalized. inventory indicated that various vehicles had no ownership documents like logbooks, but it was explained that such assets were inherited from the defunct Kitui	conversion into water bowzers; One truck would be allocated to the Ministry of Agriculture and Livestock for agricultural activities such as seed distribution; One truck would be assigned to the Ministry of Trade, Industry, MSMEs, Innovation, and Cooperatives to serve as exhausters for public toilet maintenance in market areas; and One truck would be allocated to the Ministry of Roads, Public Works, and Transport for use in road construction activities.		

Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations
	Municipal Council. • Assets were not tagged for ease of tracking. • there was lack of formal guidelines on asset management from the County Treasury.			

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

Basis for Qualified Opinion

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
1	Unsupported Direct Bank Deductions by Kenya Revenue Authority	Kshs. 39,522,351 was paid directly to the Kenya Revenue Authority (KRA) under an Agency Notice for non-remitted taxes. However, the payment lacked supporting details and was not processed through IFMIS, making its proper classification unverifiable.	The Kenya Revenue Authority (KRA) deducted PAYE from the county's CBK account due to delayed payment for October 2023, caused by late fund disbursement from the National Treasury.	Specific details of taxes being paid for have not been provided. .	The County should adhere to Regulation 104(1) of the Public Finance Management (County Government) Regulations The County should document all tax payments and process them through IFMIS for accountability and audit tracking. , 2015

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
2	Unsupported Payments on Pharmaceutical and Non-Pharmaceutical Supplies	Kshs.148,365,078 was spent on medical supplies from KEMSA. However, due to a lack of supporting documentation, the accuracy and occurrence of this expenditure could not be verified.	All required supporting documents for health facility supplies were properly maintained and have been provided for audit review.	Supporting documents provided but not directly linked to payments.	The County should adhere to Regulation 104(1) of the Public Finance Management (County Government) Regulations, 2015. Management should ensure all medical supplies are well supported and linked to facilities.
4					
4.2	Unsupported Provision of Legal Services	The County incurred Kshs.45,500,000 on legal services without written approval from the County Executive Committee or a formal request from the respective	Section 16(1) of the Office of the County Attorney Act centralizes legal services under the County Attorney to ensure consistency and avoid duplicative costs. While county departments cannot engage external legal	Section 16 of the Office of the County Attorney Act, 2020 was breached	EACC to investigate the expenditure of Kshs. 45,500, 000 on legal fee and should culpability be established responsible officers be prosecuted.

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		departments, violating Section 16 of the Office of the County Attorney Act, 2020. Consequently, the validity and proper charge of this expenditure could not be confirmed.	consultants without approval, this restriction does not apply to the County Attorney, who can procure legal services on behalf of the county, provided procurement laws are followed. Audit records confirm compliance with procurement regulations.		
1	Budgetary Control and Performance	The County's final approved receipts budget was Kshs. 11.99 billion, while actual receipts were Kshs. 10.75 billion, resulting in a 10% underfunding (Kshs. 1.24 billion).	The county's under-expenditure was due to delayed fund releases, revenue shortfalls, and IFMIS issues. Efforts are underway to enhance budget utilization and ensure timely funding.	Section 104(1) of the Public Finance Management Act, 2012	The County to improve collection of own source revenues and The National Treasury should ensure timely disbursement of funds as per the cash disbursement schedule approved by the Senate
1	Unresolved Prior Year Matters	The previous year's audit raised issues on financial statements and the use of public resources, which remained unresolved as	The previous year issues have been addressed with the auditors but is awaiting resolution by the senate public accounts Committee.	The County Executive should adhere to Section 31(1)(a) of the Public Audit Act, 2015	The County Executive should adhere to Section 31(1)(a) of the Public Audit Act, 2015 recommendations

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		of June 30, 2024, without satisfactory reasons. Additionally, Management failed to submit a report on addressing audit recommendations, violating Section 31(1)(a) of the Public Audit Act, 2015, resulting in non-compliance with the law.			
2.	Late Disbursement of Exchequer Issues	The County received total actual receipts of Kshs. 10.75 billion, including Kshs. 10.70 billion from the Exchequer. However, Kshs. 2.46 billion was disbursed late in June, and Kshs. 930.66 million of the allocated equitable share remained undisbursed, violating Section 17(6) of the Public Finance	The county faces persistent challenges due to delayed fund releases, affecting service delivery and budget execution. Efforts are ongoing to engage stakeholders and advocate for timely disbursements.	The National Treasury violated Section 17(6) of the Public Finance.	The National Treasury should ensure timely disbursement of funds as per the cash disbursement schedule approved by the Senate

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		Management Act, 2012.			
1	Non-Compliance with Budgetary Limits and Reporting Requirements	The County Government's approved revenue budget for the year under review was Kshs. 13 billion, with Kshs. 1.013 billion allocated to the County Assembly, exceeding the 7% fiscal limit set by regulations by reaching 7.8%. Additionally, the County Executive Committee Member for Finance failed to submit a required responsibility statement to explain the deviation and outline corrective measures.	The increased budget allocation to the County Assembly is due to funding for a critical development project. While the recurrent expenditure was kept within the Senate-approved ceiling, the development budget remained unchanged as the project is a priority.		The County should allocate funds to the County Assembly in accordance to Regulation 25(1)(f) of the Public Finance Management (County Governments), Regulations, 2015.
2	Non-Compliance with Law on Ethnic Composition	A review of payroll data revealed that out of 3,761 County Executive staff as of June 30, 2024, 1,918	The National Cohesion and Integration Act, 2008 predates county governments, but the County Governments Act, 2012 now	The County is still violating Section 7(2) of the National Cohesion and	The County to adopt a policy to help with complying with Section 7(2) of the

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		(51%) belonged to a single dominant ethnic community. This exceeded the one-third limit set by Section 7(2) of the National Cohesion and Integration Act, 2008.	governs public service appointments. Section 65(1)(e) requires at least 30% of entry-level positions to go to non-dominant ethnic groups to promote diversity. Mandera County complies with this requirement, ensuring inclusivity in its recruitment practices.	Integration Act, 2008.	National Cohesion and Integration Act, 2008
3	Non-Compliance with Law on Fiscal Responsibility Principle on Wage Bill	The county government spent Kshs. 4.11 billion (38% of total revenue) on employee compensation, exceeding the 35% legal limit under the Public Finance Management Regulations, 2015.	The Public Finance Management (County Government) Regulations cap wage and benefits expenditure at 35% of total projected revenue. For FY 2023/24, Mandera County's projected revenue is Ksh 13 billion, with Ksh 4.11 billion allocated to wages, representing 31.6%. This remains within the legal threshold, ensuring fiscal compliance and efficient resource allocation.	The expenditure on employee compensation is still over 35%.	The County Executive should adhere to Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015
4.1	Irregular Subscriptions to Council of	The county government spent Kshs. 625.41 million	The payments were made per a Council of Governors directive following a	The subscription fee violates Section 37(b) of	1) the irregular payments to the Council of

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
	Governors and Frontier Development Council-Regional Block	on operating expenses, including unlawful payments of Kshs. 2 million to the Council of Governors and Kshs. 1 million to the Frontier Development Council. These payments violated Section 37(b) of the Intergovernmental Relations Act, 2012, as the Council of Governors' expenses should be covered by the National Government.	resolution on July 31, 2023, to pool funds for intergovernmental and legal fees. This funding supports legal expenses related to county affairs and safeguards devolution.	the Intergovernmental Relations Act, 2012,	Governors (COG) be stopped and further recommends the surcharge of any Governor, in their capacity as The Office of the County Governor, who continues to make the irregular contribution. 2) The EACC should oversee the recovery of all the public funds irregularly transferred to the Council of Governors (COG) by the Governor within 60 days of the adoption of this report. This is in line with the Resolution of the Senate. public entity.

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
5.1	Unutilized Regional Livestock Market	The county government spent Kshs. 368.4 million on building construction, including Kshs. 22 million for a pending bill on the Mandera East Regional Livestock Market project. Although the project was completed, an inspection on September 17, 2024, revealed it was not in use, raising concerns about whether the investment provided value for money.	Traders are concerned about security at the new market due to its proximity to the Somalia border and the absence of a police post.	The market is still unutilized. Issue not addressed. Section 48 of the Public Procurement and Asset Disposal Act, 2015	The County should take the necessary steps to ensure that the livestock market is utilized within 60 days
5.3	Expenditure on National Government Functions	The county government spent Kshs. 74.36 million on projects under the National Government's mandate, including infrastructure for schools, medical and technical colleges, and	The County Executive consulted the National Government and the public before implementing development projects. Institutions like Kenya Medical Training College and Mandera Teachers Training College are now operational. Despite	The expenditures related to National Government functions.	The County executive should always obtain agreements before implementing projects under the National government purview. Article 186. (1) of the Constitution

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		the Kenya Defense Forces.	historical marginalization and security challenges, the county government is committed to infrastructure development and improving residents' quality of life.		
6	Accumulation of Pending Accounts Payable	The county reported Kshs. 2.23 billion in pending bills, but key details and supporting documents were missing. Kshs. 1.14 billion remained unpaid for over two years, violating financial regulations and raising accountability concerns, exposing the county to potential losses.	The County Treasury verified pending bills, allocating Kshs. 325 million in the 2024-25 budget to settle eligible claims while ensuring transparency and compliance.	Pending bills still remain unpaid. Section 153 of the Public Finance Management Act, 2012(1)	1. all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and 2. Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
					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; 3. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
					exchequer releases; 4. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; 5. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimate

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
					6. 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 7. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
					supplementary budgets.
7	Failure to Operationalize Emergency Fund	The county spent Kshs. 453.35 million on emergency relief and Kshs. 224 million on drought contingency but failed to allocate funds to the Mandera County Emergency Fund as required by law.	The county government established an emergency fund under the Mandera County Emergency Fund Act, 2020, and is in the process of operationalizing it.	Emergency fund yet to be operationalized.	The County should adhere to Section 110(1) of the Public Finance Management Act, 2012
8	Failure to Operationalize Climate Change Fund	The county transferred Kshs. 325.05 million to the Climate Change Fund and spent Kshs. 45.22 million under FLLoCA. However, the fund was managed by the Chief Officer for Environment and Climate instead of the designated Fund Administrator, violating the Mandera County Climate Change Fund Act, 2021.	The Executive Committee Member for Finance appointed a fund administrator for the Climate Change Fund as required by the Mandera County Climate Change Fund Act, 2021.	Fund administrator appointed no evidence of bank account and fund manager operating the fund.	The County to operationalize the fund as stipulated by Section 10 of the Mandera County Climate Change Fund Act, 2021.

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
1	Payment of Salaries outside the IPPD	The county spent Kshs. 2.35 billion on goods and services, including Kshs. 188.99 million paid to 552 employees through a manual payroll, which is prone to errors and manipulation. This raised concerns about the effectiveness of payroll control mechanisms.	The county government maintains a manual payroll due to regional security challenges and delays in processing Unique Personal Numbers (UPNs) through the national electronic system. This ensures timely payment, especially for Kenya Police Reservists and casual workers in a high-turnover environment.	County still maintains manual payroll.	The County to process all salaries through IPPD. And adhere to Regulation 109(1) of the Public Finance Management (County Government) Regulations, 2015
2	Failure to Publish Finance Manual	The County Treasury failed to publish financial manuals as required by Section 91(1) of the Public Finance Management Regulations, 2015, risking non-compliance with financial regulations.	The county government has developed a draft financial manual awaiting approval and publishing. Management acknowledges that the absence of a financial manual poses risks and inefficiencies.	The County does not have an approved	The management should have an approved Finance Manual as required by Section 91(1) of the Public Finance Management Regulations, 2015
4	Weaknesses in Management of Fixed Assets	The county reported assets worth Kshs. 42.72 billion but lacked proper asset management policies	The updated fixed asset register has been provided for audit review. Most land is still under the National Government, pending	Fixed assets register provided but not complete.	The County to have a register for all its land within six months as required by Regulation 136(1), (2), (3), (4), (5)

No	Audit Query	Concern	Management Response	Committee Observation	Committee Recommendation
		and regular inspections. Additionally, it failed to maintain a comprehensive land and building register, violating Public Finance Management Regulations, 2015, raising concerns over asset security.	handover. The valuation was not submitted by the Intergovernmental Relations Technical Committee.		of the Public Finance Management (County Government) Regulations, 2015.
5	Lack of Risk Management Policy	The county lacked a Risk Management Policy, Fraud Prevention Mechanism, and Disaster Recovery Plan, violating Public Finance Management Regulations, 2015.	The County has formulated a draft risk management policy to address operational, financial, and compliance risks.	County does not have a Risk Management Policy. Issue Not addressed	The Management should have an approved Risk Management Policy within 90 days

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

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED AUDIT ISSUES						
N o	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline s
REPORT ON FINANCIAL STATEMENTS						
1	Unexplained Voided Transactions	Review of the Integrated Financial Management Information System (IFMIS) system payments indicated that six hundred and four (604) transactions amounting to Kshs.232,358,841 were voided during the year 2023/2024. Information	The management scrutinized the voided transactions and has since given the reasons for voiding as follows: Consolidated - the management had processed two transactions of Kshs 722,327.50 for the same	Transactions amounting to Kshs.232,358,841 were voided in the 2023/2024 financial year despite prior approval by the Controller of Budget. Management did not provide an explanation for the voided payments.	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	60 days from the date of adoption of this report

		provided indicate that the Controller of Budget (CoB) had approved payment of the voided transactions. Management did not provide explanations as to why the payments were voided after approval.	payee. The two transactions were later reversed and a single consolidated transaction prepared of Kshs 1,444,655 Unrequested Funds at Year-End- Transactions of Kshs 156,797,781.25 were processed and forwarded to internet banking whose corresponding fund requisitions never materialized at the end of financial year's closure. These were subsequently voided to prevent overstatement of		within 60 days of adoption of this report. 2. The Office of the County Governor undertakes administrative action against the accounting officers, particularly approvers 1 and 2 and the then County Chief Officer in charge of Finance for voiding payments without approval and diverting funds 3. Within six months of adoption of this report the CS National Treasury to ensure IFMIS	
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			expenditures at end of financial year. Unapproved Withdrawals- Kshs 41,028,415 of funds presented to the Controller of Budget were not approved for withdrawal; these transactions were voided to avoid distortion of cash and cash equivalents at end of financial year. Pending Tax Obligation- A payment batch included transactions of Kshs 27,733,231 with unresolved tax obligations, voiding was necessary to avoid		reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved. 4. the EACC should expedite investigations on the matter in line with the Controller of Budget Act.	
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			overstatement of expenditures. Wrong amounts invoiced - Two transactions totaling to Kshs 5,354,758 were processed with wrong amounts. When this was noted, the transactions were voided. Attached find: Schedule of voided transactions giving reasons for voiding was attached.			
2	Non-Adherence to Year End Cut-Off Procedures	Included in the total payments is an amount of Kshs.574,699,9545 recorded in the Integrated Financial	The payments made in the stated period relates to all exchequer requisitions that were queued at the		1. The Accounting Officer implements stricter end-of-year cut-off procedures to ensure all	60 days from the date of adoption of this report

		Management Information System (IFMIS) as having been made between 1 July, 2024 and 15 July, 2024. Although Management explained that the payments were made to clear commitments made prior to 30 June, 2024 and were authorized by the National Treasury, the financial statements have been prepared on cash basis of accounting under which, as disclosed in significant accounting policy (d), expenses are recognized when the	OCOB offices as at 28th June 2024 as per the OCOB end of financial year procedure memo attached. In regard to inclusion of the transactions to financial statements, the Management affirms that the		transactions are accurately recorded within the correct accounting period, this should include a detailed review and reconciliation of cashbooks, bank statements, and supporting schedules prior to finalizing financial statements. 2. The County Executive to identify training needs of its staff serving in the Finance Department and initiate capacity building and	
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		event occurs and the related cash has been paid out.			training in conjunction with the National Treasury within 60 days of adoption of this report	
3	Unsupported Legal Expenses	Included in the cost of goods and services are other operating expenses amount of Kshs.100,054,122 out of which, Kshs.29,135,024 was spent on legal fees for various court cases filed against the County Executive. Included in the latter amount are two payments amounting to Kshs.15,000,000 made to a construction company. Review	The matter was first initiated in court at Kisii HCCC NO.67 OF 2007 wherein the claimant, Masosa Construction Company Limited was claiming as against the defunct Gusii Municipal Council for the sum of Kshs.15,556,986.70 arising from the two contracts for widening, grading, graveling and cultivating of various selected	1. Kshs.29,135,024 was spent on legal fees, including Kshs.15,000,000 paid to a construction company following a Supreme Court judgment on a 2007 case against the defunct Kisii Municipal Council., 2. Supporting documents, including payments to law firms,	1. The Office of the County Governor (CEO) undertakes administrative action(s) against the 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 Act 2012 and provide a status report to	60 days from the date of adoption of this report

		of the supporting documents revealed that the payment was as result of a case filed against Kisii Municipal Council in 2007 for non-payment of contract of principal amount of Kshs.7,173,473 which was appealed up to the Supreme Court and the final judgment was made on 16 July, 2021 against the County Executive. The contractor was awarded the principal amount of Kshs.7,173,473 plus the interest accrued over the years amounting Kshs. 31,007,434. The	roads within the municipality. Justice A.O. Machelule in his judgment dated 23rd March, 2010 rules in favour of the claimant awarding him the said amount, interest and costs. The County Government appealed this decision to the Court of Appeal through Appeal No.283 of 2011. The same was dismissed with costs by a judgement delivered by Justice D.K. Maraga and A.k.	County Attorney advisories, and the original contract, were not provided for audit.	the Office of the Auditor General within sixty (60) days from the adoption of this report. 2. 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. 3. The EACC initiates an investigation with the view of causing prosecution of	
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		documents supporting all the payments to external law firms that were defending the defunct Municipal Council of Kisii and subsequently the County Executive, including the case file pertaining to the case, County Attorney advisory before the cases were appealed to the supreme court and the original contract between the company and defunct Kisii Municipal Council were not provided for audit.	Murgor on the 25th day of November 2015. The Claimant then filed JR.No.14 of 2013 to compel the County Government to Honor the Court's Judgement. It consequently filed Misc. App No. 72 of 2015 to cite H.E the Governor for non-payment of the decretal sums. Through the ruling of Justice J.R. Karanja the application was allowed. The County Government was		the accounting officer for the possible loss of Kshs.595,075, 247 whose expenditure was incurred as legal fees without proper documentation and approvals.	
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			dissatisfied and appealed to the Supreme Court vide Petition No.5 of 2020 which was dismissed for want of jurisdiction on 16th July 2021. That as at 5th August 2022 this matter had costs, interests on the Principal Sum (decretal sum) amounting to Kshs.31,810,908.73 within the party and party costs as outlined below: a) Kisii HCC Misc. App No.14 of 2013 JR - Kshs.378,400/=			
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b) Kisumu Court of Appeal No. 383 of 2011 - Kshs.271,236/=				
c) Kisumu Court of Appeal No.39 of 2016 - Kshs.348,867/=				
d) Kisii HCC Misc. Appl. No. 678 of 2007 - Kshs. 630,000/=				
That the said sums continued accruing interest as at 20th February, 2024 the County Government Kisii partially offset the said claim. A further balance of a sum Kshs,9,913,072.45 has been made				

			against the claim as the matter is still pending conclusion by mediation process which court has ordered.			
OTHER MATTER						
4	Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis amount of Kshs.11,872,739,910 and Kshs.8,284,558,775 respectively, resulting in an underfunding of Kshs.3,588,181,135,	Management concurs with auditor's observation on Budgetary Control and Performance	The County was underfunded by Kshs.3,588,181,135 (30% of the budget), impacting planned projects and services.	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. 2. The County executive puts in place measures to enhance its own generated revenue to meet its revenue target and	Continuous

		or 30% of the budget			address revenue shortfalls.	
5	Pending Accounts Payable	Note 1 to the financial statements on pending accounts payable, under other important disclosures, reflects balance brought forward as at 1 July, 2023 of Kshs.1,190,913,975, addition for the year of Kshs.1,030,891,518, paid during the year of Kshs.43,638,305 and balance carried forward as at 30 June, 2024 of Kshs.2,178,167,188. However, schedule supporting these balances were not provided for audit. Further,	In regards to settlement of the pending bills as a first charge, Management on assumption to office, subjected the stated pending bills to a verification task-force whose report established that Kshs. 231,443,172 were eligible bills and Kshs. 1,071,435,638 as ineligible bills as at the end of FY 2022/2023. Bills worth Kshs.875,287,378 represents additional ongoing	The verification of Kshs.1,071,435,638 as ineligible bills was still ongoing.	1. All county Governments pay verified pending bills 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 2025/2026; and 2. That- i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County	60 days from the date of adoption of this report

		Management failed to settle the pending bills of Kshs.2,178,167,188. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which provides that debt service payments shall be a first charge on the County Revenue Fund and the accounting officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.	projects bills for FY 2023/2024. As regards to eligible bills, the County Government has settled up to Ksh.376,834,754 up to date and progressively continues settling these bills through FY 2024/2025 budget estimates.		Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done. ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving	
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					exchequer releases. iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations. iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved	
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					budget estimates; v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects. vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the	
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					Controller of Budget (CoB) shall not approve the supplementary budgets.	
6	Unresolved Prior Year Matters	In the audit report for the previous year, several issues were raised under the Report on Financial Statements, report on Lawfulness and Effectiveness in Use of Public Resources and report of Effectiveness of Internal Controls, Risk Management and Governance. However, management had not resolved the issues as at 30 June, 2024, and did not provide satisfactory	Management is not prepared for previous financial year (2022/2023) since the Public Accounts Committee has invited the County Government on the current year review (2023/2024). However, the management is ready for the previous audit report once invited.	The management has not resolved the issues nor given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular.	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

		reasons for failure to resolve the prior year audit matters.				
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES						
7	Irregular expenditure on Emergency Items for COVID-19 Pandemic	During the financial year under review, the County Executive through the Finance and Accounting Services department incurred an expenditure of Kshs.2,171,180 in relation to a pending bill for emergency Covid-19 items for the Kisii County Emergency Fund. This was despite the County Executive having an Emergency Fund created to cover such expenditure. No explanation was	The management concurred with the auditors' observations that an expenditure of Kshs 2,171,180 was incurred in relation to a pending bill for emergency COVID-19 items under the Kisii County Emergency Fund. It is also important to note that the COVID-19 pandemic, which necessitated this expenditure.	Kshs.2,171,180 was spent on a pending bill for COVID-19 emergency items under the Kisii County Emergency Fund.	The EACC cause an investigation with a view of prosecution of responsible officer(s) on the possible loss of public funds amounting to Kshs. 2,171,180.	60 days from the date of adoption of this report

		given by Management for the non-compliance				
8	Non-Compliance with Fiscal Responsibility Principles on Development Expenditure	The statement of comparison of budget and actual amounts (recurrent and development combined) reflects total actual expenditure of Kshs.8,439,680,442, while the statement of comparison of budget and actual amounts: development indicates total actual expenditure of Kshs.1,598,955,980 representing 19% of the total expenditure. This is contrary to Regulation 25(1)(g) of the Public	The management takes note the auditor's observation on the subject matter. However, the management strives to achieve its obligations in the subsequent years.	The County Executive's development expenditure was 19%, below the required 30%.	The Committee recommends compliance with Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, by ensuring development expenditure meets the 30% requirement under Section 107(2)(a) of the Act.	Continuous

		Finance Management (County Governments) Regulations, 2015, which stipulates that the county government actual expenditure on development shall be at least thirty percent in conformity with the requirement under section 107(2)(a) of the Act.				
9	Wage Bill	The statements of receipts and payments reflects compensation of employees' amount of Kshs.5,647,519,423, representing 60% of the County Executive total	The management acknowledges the auditor's observation on wage bill. However, efforts are being made to lower the wage bill by boosting revenue collection	Employee compensation was 60% of total revenue, exceeding the 35% limit set by Public Finance Management Regulations, 2015.	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	Continuous

		revenue for the year of Kshs.8,284,558,775. This was contrary to Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015, which provide that the county government's expenditure on wages and benefits shall not exceed 35% of the county government's total revenue.	and freezing employment.		exceed 35 percent of the county's total revenue 2) the county executive puts in place measures to enhance its own source revenue collection to address high wage bill gap	
10	Under-Payment of Staff	Review of the Executive's payroll for the month of July, 2023 revealed that nine hundred and one (904)	The officers in question are ECDE officers 714 of the number who are below 50 years in age the	904 employees earned less than the minimum wage of Kshs.14,025, violating the Regulation of	The management should comply with the Regulation of Wages General Amendment Order, 2022, by ensuring all	Continuo us

		employees were earning a monthly pay of less than Kshs.14,025 which was the minimum monthly wage set in the Regulation of Wages General Amendment Order of May, 2022 for employees working in the County Government of Kisii.	terms of service have been translated to permanent and pensionable terms and for those above 50 years were placed on contractual terms of service (166) and have been enhanced hence attracting Gratuity. See attached list for reference.	Wages General Amendment Order of May 2022.	employees earn at least the minimum wage of Kshs.14,025.	
11	Non-Compliance with the Law on Ethnicity Diversity in Staffing	Review of the personnel records provided for audit revealed that as at 30 June, 2024, the County Executive had a total of 5,570 employees in its payroll from various ethnic communities.	Whereas the County has recognized the concerns raised by the audit report with regard to compliance with ethnic diversity, the County Executive has	the County Executive had a total of 5,770 employees out of which 5,393 or 94% were from the local dominant community.	3) the County Executives should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government	Continuous

		Out of these, 94% were from one dominant community, while the remaining 6% were from other ethnic communities. This was contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008	strived to comply with the existing legislation. Management has ensured that; a) Vacancies are advertised in the local dailies and the website for wide circulation, however low turnout is registered from non-dominant communities contributing to the above. b) All the applicants who meet the minimum requirements as per the advert specifications are considered for shortlisting and if		Act on ethnic inclusivity. 4) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.	
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			successful appointed without any discrimination as regards ethnicity. c)During the selection of candidates those from non-dominant communities are given preference provided they qualify. d)For instance, in our February, 2024 advertisement, the CPSB successfully managed to recruit and successfully appointed four (4) officers from minority community i.e one			
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			post of Chief Officer- Revenue Management, one post of Director Supply Chain Management one post of Superintendent Quantity Surveyor and one post for Deputy County Attorney. Attached find:			
12	Non-Compliance with One-Third Basic Salary Rule	An analysis of the Executive's monthly payrolls revealed that twenty-eight (28) employees had net pays that were below a third of their respective basic salaries, contrary to Section 19(3) of the Employment Act, 2007 which states	The Management notes the issue raised about the officers earning below the minimum wage thus resulting in pecuniary embarrassment. The County wishes to state as follows;	28 employees had net salaries below one-third of their basic pay, violating Section 19(3) of the Employment Act, 2007.	1. The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate the issue of non-compliance with the two-	60 days from the date of adoption of this report

		that the total amount of deductions from the wages of an employee shall not exceed two thirds (2/3) of such wages	Government introduced new levies that have contributed to officers earning below minimum wages include the implementation of the new NSSF Act, 2013 deduction, new housing tax and other statutory deductions, and pension funds such as Lapfund, and County Pension Fund (CPF). There are officers who took loans following tax relief by the Kenya Revenue Authority (KRA) during the period		third basic salary rule as well as comply with the requirements of law. 2. The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds; and 3. The Auditor General should continue monitoring the issue in subsequent financial years.	
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			of covid-19 thus exposing them to earning 1/3 on the expiry of the tax relief period. Similarly, other officers had committed their salaries to loans before the Higher Education Loan Board (HELB) commences recovering their loans. ☐ That some of the officers affected had committed their pay slips by securing loans from various financial institutions without regard to the requirement of not attaching			
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		loans not more than 15% salary. The Government however will put in place a program to educate staff on the minimum wage regulations. Some officers who were under interdiction or suspension received less than 1/3 of their salary. The transfer of officers from the County headquarters to sub-counties and vice versa affects their allowances such as Market rate of house allowances and Extraneous allowances hence		
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			contributing to their salaries going below the 1/3 rule. Through regular review of salary net levels, the anomaly is continuously addressed by rescheduling third-party obligations (bank, insurance), etc. We can therefore confirm that we have restructured the officer's loan repayments by extending the recovery period to give more space for the 1/3 rule.			
13	Irregular Earnings of Salary by the	Review of the records of the County Executive	The audit review included three months	The matter is currently under a Notice of Appeal	The management should await the outcome of the	

	County Attorney	revealed that the Governor appointed an officer as the County Attorney vide a Gazette Notice No. 14717 on 30 November, 2022 and a letter of appointment issued on 1 December, 2022. However, a private citizen proceeded to the Employment and Labour Relations Court at Kisumu to contest the employment of the County Attorney and filed a petition under Petition. On 24 January, 2024, the Employment and Labour Relations Court at Kisumu quashed the	expenditure that ought not have been included in the review as follows: The judgement from the Employment and Labour Court at Kisumu was delivered on 24th January 2024 and the officer earned salary for the month while in office. This month ought to have been excluded from the review period. Further, the months of August and September 2024 ought to have been excluded from the review	against the Employment and Labour Court at Kisumu.	appeal while ensuring compliance with legal and procedural requirements in future employment decisions.	
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		appointment of the officer through a judgement delivered virtually. However, as at the time of audit, in September, 2024, the officer continued being in the payroll and had received salary of	period since the financial year 2023/2024 under review ended on 30th June 2024. Nonetheless, the net salary remitted to the officer's salary account for the period February 2024 to June 2024 was Kshs 955,000 and, the figure reached a maximum of Kshs 1,343,340.95 for seven months inclusive of August and September 2024. Despite receiving the above sum of Kshs 1,343,340.95 into his account as salary for the months of			
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			February to August 2024, the officer never utilized the money but returned the same to the county government and only requested for a refund after the court of appeal set aside the decision of the Employment and Labour Court at Kisumu effectively reinstating him to the office. The officer was not removed from the payroll as the County Government filed an appeal to the Court of Appeal immediately after		
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			delivery of the labour court judgement, and it would be improper to remove the officer from the payroll before exhausting the remedy of appeal.			
14	Irregular Recruitment of Staff	Review of personnel records revealed that in February, 2024, the Public Service Board advertised various vacant positions and among them was the position of a Quantity Surveyor which had four (4) vacancies. The advert attracted twenty-four (24) applicants out of which, fourteen (14)	Indeed, the County Public Service Board had advertised various vacant positions from different user departments' requests and the position of the quantity surveyor which required four (4) officers. The County Public Service Board did the recruitment and	The recruitment for Quantity Surveyor positions lacked transparency. Despite advertising four vacancies, only two candidates were hired without justification for excluding higher-scoring applicants. No evidence was provided that top-performing candidates declined the positions, raising	The management should ensure adherence to recruitment guidelines, provide justifications for selection decisions, and document all hiring processes to enhance transparency and accountability.	Continuous

		applicants were shortlisted for the interview. During the audit, it was noted that only two applicants out of the 14 shortlisted were absorbed for the position, the second best performing with 88.98% and the seventh best at 68.97%. Explanations on why the best performing candidate with 89.3% and the third applicant were not offered the position and why the board preferred the seventh candidate were not provided. Further, there is no evidence	selection process in a transparent, fair, and merit manner. However, we have noted the disparity in the audit report and we state as follows: - The Board absorbed three (3) candidates for the position of Quantity surveyor Namely; i. QS. Nelson Onkundi ID/o. 30504202 score marks 88.98%, ii. QS. Albert Anyona ID/No. 32369166 score marks 79.33% and; iii. QS. Isaac Kiage Makone	concerns about fairness in the hiring process.		
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		that the candidates were offered employment and declined. In addition, no explanation on why the Public Service Board absorbed only two people while it advertised for four was provided for audit. This was contrary to Section 25 (1) and (2) of the County Service Act, 2017, which stipulates that the Board shall formulate and disseminate to officers of the Service, schemes of service setting out the terms and conditions for the appointment of the	ID/No. 25083527 72.67%. One of the Officers, QS. Albert Anyona ID/No. 32369166 had delayed to pick his letter due to miscommunication as a result of details submitted during registration however, he reported in the month of July 2024 and was subsequently deployed. The seventh candidate by the name of QS. Jackson Mwendwa Kaki Mbao ID/No.			
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		officers and other staff of the Service which shall provide for the appointment and confirmation in appointment of officers and other staff and The Secretary shall be responsible for the administration of the schemes of service for the staff of the Service.	26366644 with a score of 68% as noted was not successful. During the selection of candidates those from non-dominant communities were given preference provided they qualified.			
15	Long Outstanding Disciplinary Cases	Perusal of staff files revealed that five (5) staff had pending disciplinary cases for more than the stipulated period of six months. This is contrary to the Kisii Human Resource Manual. The staff were either on suspension and	All the mentioned disciplinary cases were discussed by the Departmental Human Resource Management Advisory Committee (DHRMAC) and forwarded to the County Human Resource	Five staff members had pending disciplinary cases for over six months, contrary to the Kisii Human Resource Manual.	The management should expedite the resolution of disciplinary cases within the stipulated timelines to ensure fairness and compliance with the Kisii Human Resource Manual.	60 days from the date of adoption of this report

		on half pay or had salary stoppages during this period. No explanation for this anomaly was provided	Management Advisory Committee (CHRMAC) for further deliberations which did not materialize due to reasons that we could not control. The cases were further forwarded to the County Public Service Board (CPSB) which is handling them to finality. Find the Departmental Human Resource Management Advisory Committee (DHRMAC) Minutes for the			
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			mentioned disciplinary cases			
16	Advance Payment for Fuel	The statement of receipts and payments reflects use of goods and services balance of Kshs.726,415,634 which, as disclosed in Note 3 to the financial statements, which includes an amount of Kshs.55,539,905 in respect of fuel, oil and lubricants. Included in this amount is Kshs.30,000,000 used to purchase fuel which was paid to three suppliers, with each receiving Kshs.10,000,000. The fuel had not been drawn by the	The delay in consuming the prepaid fuel was occasioned by disruption of services which delayed the plans of constructing roads which were put on hold as the machines which were to be fueled were damaged. Therefore, we would not consume the fuel The machines have since been replaced and plans are in the final stages to commence construction works. Once the	An amount of Kshs.30,000,000 was prepaid for fuel to three suppliers, with each receiving Kshs.10,000,000. As of 23 October 2024, Kshs.10,000,000 worth of fuel remained unutilized.	The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct	60 days from the date of adoption of this report

		vehicle, plant and machinery. In addition, the prepaid fuel to the third supplier of Kshs.10,000,000 was yet to be consumed as at the date of audit on 23 October, 2024, four months after the prepayment was made. A prepayment of the goods is contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015, which provides that, contracts for works, goods or services may only be paid for after they are executed and	plans are complete, consumption of fuel will commence immediately We are in concurrence to the auditor's observation. The oil companies had declined to supply the County on credit, siting reasons for historical delayed payments. Since the transport operations were paralyzed due to lack of fuel, we resolved to pay the companies for			
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		approved by the Accounting Officer.				
17	Unutilized Market Facilities	Review of the records in the Department of Trade Development and Regulations revealed that payments amounting to Kshs.6,202,806 were made to various contractors for the completion of pit latrine at Kionyo market, ventilated toilet at Nyamaiya Market, Ochodororo markets shed and Mama Mboga shed. However, physical inspection of these projects revealed that despite all having been	Management agrees with the auditors' observations and wish to undertake that in our forward budgeting provision will be made to address the gap to operationalize the facilities.	Payments totaling Kshs.6,202,806 were made for completed market infrastructure projects, including pit latrines and market sheds. However, a physical inspection revealed that the facilities were not in use due to poor design and lack of essential amenities such as water and proper access.	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	60 days from the date of adoption of this report

		completed, they were not being utilized by the community, the pit latrines at Kinonyo and Nyamaiya markets had poor ventilation and lacked water for usage and the market shed at Ochodororo was inaccessible from three sides out of the four sides due to height, with no stairs to facilitate the access.			(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	
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					status update to the Committee in the subsequent audit cycle.	
18	Irregular Payment of Retention Money	Review of payment details from the Department of Trade Development and Regulations revealed that a contractor was paid retention money of Kshs.5,771,846 in respect of the construction of Suneka Market. However, the followings anomalies were observed: The original contract agreement between the County Executive and the contractor in which the retention clause	Management regrets the non-provision of the contract agreement, payment certificates, and inspection reports for the audit process. We have however provided complete project file for perusal, scrutiny and audit in accordance with legal and procedural requirements. The history of the project dates back to FY 2013/2014, during which a	The management did not provide documents to the OAG for verification.	The Office of the County Governor (CEO) undertakes administrative action(s) against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 days from the date of adoption of this report

	is stated was not provided for audit review. The contract was entered into in the year 2014. The Kshs.5,771,846 retention money was based on the total amount certified to date of Kshs.57,718,453 as outlined in certificates No.1, 2, 3, 4 and 5, which were, however, not provided for audit.	contractual dispute arose between the County management and the contractor. The matter was referred to arbitration as an alternative dispute resolution (ADR) mechanism. Unfortunately, the County lost the arbitration, and the contractor was awarded a sum ksh. 23,770,660.00 by the arbitrator, which was later sanctioned by the court. This ruling included the payment of a simple interest of			
	A letter dated 5 June, 2023 from the County Attorney to the County Executive Committee Member of Finance and Economic Planning states that after a				

		court case, the arbitrator awarded the Company Kshs.23,770,660 and that the executive had agreed to settle this claim at Kshs.12,573,735, thereby instructing the County Executive Committee Member to pay the company an initial part settlement amount of Kshs.5,000,000. However, the arbitrary proceedings and legal files of this case were not provided for audit. Inspection and acceptance	11.99% per annum if it was not paid within 21 days from the date of the court ruling was made. To comply with the court's decision, an amicable agreement was reached between the contractor and the County management, resulting in a payment plan to settle the obligation incrementally. It is under this arrangement that an amount of Kshs. 5,771,846.00 was paid, as per the			
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		certificate and certificate of completion to warrant payment of the retention money were not provided for audit Audit inspection conducted on 1 August, 2024 revealed that the project was incomplete and the contract for its completion had been re-awarded to other contractor as construction of Suneka Markets Phase III.	advice of the County Attorney referenced in the letter cited in the audit query. Regarding the project's current status, a physical verification conducted on 1st August 2024 confirmed that Phase III was ongoing, awarded to a different contractor. This initiative was undertaken to ensure the project's delivery despite earlier challenges. The County has prioritized fast-tracking the realization of			
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			value for money and ensuring effective service delivery to Kisii residents. To date, Phase III is complete, only that the contractor is attending to the snags under defects liability period			
19	Incomplete Projects - Department of Roads and Public Works	Review of the records in the Department of Trade Development and Regulations revealed the following unsatisfactory matters: The County Executive awarded a contract valued at Kshs.26,641,662 to	Repair and Maintenance of Ebate – Bwongoro – Omogeta Road The road was terminated due to the contractor's failure to adhere to the contractual obligations. Repair and Maintenance of Onyangongo –	Management indicated that 10 road contracts were terminated, except for one	1. The Management establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as	60 days from the date of adoption of this report

		a Company for construction, repair and maintenance of Lot 2 roads in Bonchari Sub-County, on 7 December, 2023. The contract was to run for 24 weeks. The Department awarded a contract at a sum of Kshs.62,415,692 for construction, repair and maintenance of Lot 2 roads in Bobasi Sub-County. Audit inspection revealed that a of Kshs.1,149,003.20 was paid for repair and maintenance of Riamiyungo-Nyakegara-Nyachenge Junction Road before proper	Obore – Mesigi Road The road was terminated due to the contractor’s failure to adhere to the contractual obligations. Construction of Omatundura – Riombaso – Nyameroka – Moseni Road The road was terminated due to the contractor’s failure to adhere to the contractual obligations Repair and Maintenance of Riotanchi – Tumaini Road The road was terminated due to the contractor’s		realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within	
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	completion of the Project. A section of the road covering a distance of 1.7km was graded but not graveled. In addition, a number of projects were not completed within the project period and the contractors did not request for approval of variation of contract period as per the table below: The County Executive awarded a contract valued at Kshs.26,641,662 to a Company for construction, repair and maintenance of Lot 2 roads in Bonchari Sub-County, on 7	failure to adhere to the contractual obligations. Construction of Rianyangera – Riomambia Road The road was terminated due to the contractor's failure to adhere to the contractual obligations Repair and Maintenance of Riakiriago – Rioneno-Kiebeneni – Mosasa – Etanke Road. The road was terminated due to the contractor's failure to adhere to the contractual obligations		60 days of the adoption of this report 3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
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		December, 2023. The contract	Construction of Riomache Box Culvert The road was terminated due to the contractor's failure to adhere to the contractual obligations Repair and Maintenance of Nyanchabo – Riokerio – Riamasegege – Bomachoge Road The road was terminated due to the contractor's failure to adhere to the contractual obligations Construction of Riamachuka box Culvert The road was terminated due to			
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			the contractor's failure to adhere to the contractual obligations. Repair and Maintenance of Matongo – Riamagige- Nyamagundo – Bomariba Primary School – Nyabieyo Road The road was terminated due to the contractor's failure to adhere to the contractual obligations Repair and Maintenance of Misisita – Nyamegukuna Road -Completed			
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20	Irregular Procurement of Insurance Services	The County Executive entered into a contract for Provision of Medical Insurance Services to the Staff and their Qualified Dependents for the FY 2023-2024, at a contract sum of Kshs.202,421,473. An amount of Kshs.150,000,000 was paid to the contractor on 13 December, 2023. A debit note for the balance of Kshs.52,421,473 was raised on 6 February, 2024 but evidence of payment of this amount was not provided for audit. However, the	It is true that as a procuring entity, we could not and did not ascertain with precision whether the company that won and the other company that was dismissed at the financial evaluation stage did submit financial statements to the authority during the quarter ended 30th September, 2023 and previous three quarters. This is so, because we were guided by PPRA vide Circular No. PPRA CIRCULAR No.	Management did not verify the financial submissions of the winning and dismissed companies for the quarter ending 30th September 2023. It also failed to validate reports from hospitals that M/S Trident Insurance Company Limited was not settling claims.	The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct	60 days from the date of adoption of this report
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		following anomalies were noted: Review of the Insurance Regulatory Authority's Insurance Industry Report for the period January to September, 2023 revealed that the company that won and the other company that was dismissed at the financial evaluation stage did not submit financial statements to the Authority during the quarter ended 30 September, 2023 and previous three quarters. The due diligence done by the evaluation	03/2023. REF: PPRA/6/5 VOL. II (142) Dated 18th May, 2023 titled PROCUREMENT OF INSURANCE SERVICES – TENDER REQUIREMENT S. In paragraphs 4 and 5 of the documents cited, PPRA had raised concern from insurance industry players and prospective bidders on restrictive criteria set by procuring entities as part of tender evaluation criteria, financial probity being one of them. In paragraph 6 of the		
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	committee did not flag the above anomaly as the committee did not seek to find out whether the winning bidder was in good standing with the regulator before award of the tender; The company that was dismissed during the technical stage appeal on 22 November, 2023 through regret letter dated 14 November, 2023 articulated the classes of insurance the company was licensed to operate in but the County never sought clarification from the regulator;	same circular, PPRA indicated that they sought guidance from the regulator, IRA who guided that since they are the ones who issued licenses to insurers, they did so based on fulfillment of stipulated registration requirements, which in itself was adequate to confirm conformity. The		
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		Correspondences between various hospitals and the Company that won the tender revealed that the Service Provider was not settling insurance claims to the hospitals as required and as a result, some of the contracted hospitals suspended offering medical services to clients insured by the Service Provider				
21	Funding of Idle Projects Department of Medical Services, Public Health and Sanitation	Review of the documentation provided under Department of Medical Services, Public Health and Sanitation revealed that, Management spent of	During the physical verification of the Nyandiba and Kiabusura dispensary sites, the facilities were not operational. This is due to lack	The facilities were non-operational due to inadequate equipment. Additionally, the management has yet to obtain the requisite ownership documents.	1. The Management establishes a project management and monitoring Committee to help in proper project conceptualizat	60 days from the date of adoption of this report

		Kshs.3,283,440 which includes expenditure on proposed completion of Nyandiba dispensary of Kshs.1,283,700 and expenditure on proposed completion of OPD to Kiabusura dispensary of Kshs.1,999,740. However, the following was noted: Physical inspection of the projects in September, 2024, revealed that the projects were completed as per Bill of Quantities but they were not in use.	of, or inadequate equipment to operationalize the facilities. However, we wish to state that the provisions for the supply of the required equipment have been made, as evidenced by the attached budget documentation. As regards access road to Nyandiba dispensary, the community had granted the right of access through the public participation which was conducted before the construction of the dispensary.		ion, 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. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for	
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		Access road to Nyandiba dispensary passes through a private land. Ownership of parcels of land for the two dispensary projects implemented, could not be verified since title deeds were not provided for audit. Management spent Kshs.1,873,950 towards proposed completion of Nyabworoba Health Centre. It was noted that the project was for the financial year 2022/2023 that was paid in the year	Management is in the process of obtaining the requisite ownership documents. For payment of Kshs. 1,873,950.00 for Nyabworoba dispensary, the management has made a budgetary provision in the 20		their completion and provide a status update to the Auditor General within 60 days of the adoption of this report. 3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
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		under review as pending bill. However, the year under review budget revealed no budget allocation for the project. The project is incomplete with substantial works which are still pending such as interior and exterior works, flooring, windows pains, verandah, painting and electrical works.				
22	Payment for Works not Done	The Department of Medical Services, Public Health and Sanitation awarded a contract for the proposed continuation of Riotachi Dispensary at a contract sum of	We acknowledge the auditor's observation that the electrical works in the Riotachi Dispensary project was not executed. The amount	The Riotachi Dispensary project was paid in full, but electrical works worth Kshs.370,000 were not completed despite official records indicating the project was	1. The Management establishes a project management and monitoring Committee to help in proper project conceptualizat	60 days from the date of adoption of this report

		Kshs.998,050 which was paid in full on 25 June, 2024. Physical verification of the project on 4 September, 2024 revealed that the works on proposed continuation of Riotachi Dispensary was done. However, electrical works worth Kshs.370,000 were not done despite minutes for site meeting on 18 October, 2021 stating the contractor had completed the project as per the specification given and that the project was complete and ready for handing over	claimed to have been spent on electrical works as a provisional sum is Kshs. 70,000.00 only, and not Kshs. 370,000.00 as stated. To clarify further, the Kshs. 370,000.00 was the total figure captured in the provisional sums column of the Bill of Quantities (BQ), which was allocated as follows: a) Ksh. 70,000.00 for electrical works. b) Ksh. 100,000.00 for contingency.	completed and ready for handover.	ion, 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. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for	
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			c) Ksh. 200,000.00 for project management expenses. Due to evolving project requirements, the technical project management team issued instructions to omit the electrical works and reallocate the funds (Ksh. 70,000.00) along with the contingency amount (Ksh. 100,000.00), totaling Ksh. 170,000.00, to cover additional roofing expenses. This adjustment was necessitated		their completion and provide a status update to the Auditor General within 60 days of the adoption of this report 3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
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			by the realization that the square meter quantities for the roofing works exceeded those initially captured in the BQs. Payments for these roofing works were processed on a quantum meruit basis. The Kshs. 200,000.00 allocated for project management expenses was utilized by the contract implementation team as running allowances during the contract period.		
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23	Proposed Levelling of Marani Stadium	The County Executive entered into a contract for the levelling works to Marani Stadium Phase I at a contract sum of Kshs.2,837,795 on 31 May, 2023. Physical verification conducted on 3 September, 2024 revealed that the contractor deviated from the specifications in the bill of quantities as follows In addition, no variation orders were provided to support the deviation from the required specifications.	While contract specifications are fundamental, it is also normal for instructions to be issued during the contract period to address site-specific conditions and ensure the quality of the final deliverable. Below is a detailed response to the issues raised. 1. Backfilling and Compaction with Murram. Backfilling and compaction with murram was necessary in areas identified as unstable, particularly in		1. The Management 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 Government)	60 days from the date of adoption of this report
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			made-up sections. These works were conducted to stabilize the ground and ensure a solid foundation. Subsequently, red soil topping was applied as recommended, enabling proper grass planting and establishment. Red soil is particularly suitable for sports fields as it minimizes the risk of injury, unlike murrum, which contains pebbles and small stones. This approach was approved to ensure the safety		Regulations, 2015. 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 Office of the Auditor General should progressively review and report on the matter in the subsequent	
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			and usability of the pitch.		Financial Years	
24	. Procurement	The County Executive invited potential investors through an open international tender, to inspect the Banana Processing Plant for expression of interest on March, 2021. The eligibility criteria set out in the EOI was that the investor is undertaking or has undertaken a similar assignment for at least 5 years, and is already in the business of marketing processed food products, demonstrate access to market, has access to adequate	The county government called for expression of interest (EOI) vide an advertisement on the daily Nation of March 16th, 2021. A few people made telephone inquiries, but only Boka Eats Limited, formerly expressed interest to operationalize the plant under terms and conditions specified to enable the county meet its intended objects of strengthening the Kisii Banana	The management did not provide the due diligent report	1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report. 2. The Kenya Institute of Supplies Management	

		capital and demonstrate ability to work with farmer organizations in production, aggregation, value addition and marketing. According to staff interviewed during the audit, the advertisement on the expression of interest was not responded. However, on 1 March, 2022, a private investor, did a due diligence report to the County with elaborate terms of reference. It was not clear how this investor came in as they were not	Value Chain for social economic development of the targeted community. The department concerned in consultation with the Technical Team of European Union (EU) who co-funded the construction and equipping the banana processing plant elaborately assessed and interrogated the bid by Boka Eats Ltd. In their submission they recommended that the county consider engaging Boka Eats Ltd for the purpose of		(KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.	
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		subjected to the terms of the EOI. The investor company was incorporated on 30 November, 2021 and did not meet the eligibility criteria. There was no evidence of the private investor demonstrating market access or capital adequacy nor ability to work with farmers for this particular value chain. On 3, June, 2022, the County Executive signed a Memorandum of Understanding with the Investor to run the operate the banana processing plant.	operating the plant. The due diligence was done by a team involving representatives from the EA/IDEAS county programme unit (Secretariat), The EU Technical support team from Nairobi (Technical and Financial flow analysis). In their expert area, the team assessed various issues highlighted in the report before drawing conclusions and recommendations to inform the decision to engage Boka Eats			
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25	Operations	On 27, May 2022, the County coordinator EU-IDEAS project gave instructions to the County Property Valuer to access the plant and equipment and come up with a market appropriate rental rate. On 1 June, 2022 a valuation report was conducted by the County Valuer who recommended a rental rate of Kshs.150,000 Kshs.120,000 for rent of premises and Kshs.30,000 for land rate for the three acres. From the unregistered lease agreement, the	Management did a demand letter for the recovery of rent arrears from the investor. Recovery of Kshs 200,000 was paid after agreeing with the management on how the balance of Kshs 1,960,000 was to be cleared. The rent being paid by the investor was informed by the contract drawn between the investor and the County Government. Attached find: Annex 23a - Demand invoice.	The County Government entered into an unregistered 30-year lease without justification or public participation. The rent was reduced without explanation, and no payments have been made. There is no evidence of monitoring or support for local farmers.		

					lease was set out for a period of thirty (30) years but after the 6-month grace period, the rent payable was un-procedurally reduced to Kshs.90,000. The private investor, has never paid any rent to date. It is not clear how the 30-year period of the lease was arrived at as there is no public participation or justification of the same. The County Government did not provide for audit monitoring and evaluation reports to confirm that the private investor is				
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		supporting local farmers and				
26	Unutilized but Completed ECDE Classrooms	Review of records and IFMIS payment details revealed that the County Executive through the Department of Education paid Kshs.596,448 and Kshs.212,760 towards completion of classrooms at Otamba and Masongo ECDE primary schools respectively. However, field verification conducted during the audit on August 30, 2024, revealed that the projects were complete but yet to be utilized	Management successfully executed the construction of the classrooms and handed them over to the respective schools. However, the schools were unable to operationalize them due to the need for additional supportive facilities and equipment. Specifically, the schools requested items such as furniture for the pupils and nearby pit latrines, as	The management confirmed that schools could not operationalize the facilities due to a lack of necessary supportive facilities and equipment.	1) The Management 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	60 days from the date of date of this report

			detailed in the annexed letters. Unfortunately, there was no budget allocation for these items in the current financial year. Nonetheless, it remains a priority for management to ensure the full utilization of these classrooms. We are committed to supporting the schools in acquiring the necessary items at the earliest opportunity.		(County Government) Regulations, 2015. 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 Office of the Auditor General should progressively review and report on the matter in the	
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					subsequent Financial Years	
27	Project Implementati on Status - Department of Education	Review of records and IFMIS payment details revealed that the Department of Education, Technical Training, Innovations, and Manpower Development engaged various contractors to undertake development projects at a total contract amount of Kshs.5,678,445. However, physical verification during the audit on August 30, 2024, revealed poor workmanship and several anomalies in the implementation of	The contractors for these projects were notified to resume works and address any snags during the Defects Liability Period (DLP). Unfortunately, they failed to comply with this directive.As a mitigation measure, management will invoke the utilization of retention money to repair and make good the defects, as required. We deeply regret the frustrations caused by the contractors'	The projects were incomplete.	1) The Management establishes a project management and monitoring Committee to help in proper project conceptualizat ion, 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	

	Project Implementation Status	the projects, as outlined below:- Review of records and IFMIS payment details revealed that the Department of Lands, Physical Planning, and Urban Development engaged various contractors to undertake road rehabilitation and maintenance projects, with a total contract amount of Kshs.7,795,328. However, physical verification conducted during the audit on August 30, 2024, revealed poor workmanship and several anomalies in	inaction and acknowledge that no option remains but to take corrective measures to ensure the integrity and quality of the projects. Management is committed to resolving this matter and ensuring better outcomes in future project implementations. <i>Mokorogoinwa Primary School ECDE class Construction phase I at Ksh. 886,820.00</i> The first phase of the project was successfully		(County Government) Regulations, 2015. 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 Office of the Auditor General should progressively review and report on the matter in the	
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