

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		each day of delivery against which the daily deliveries could be verified.	in the County Attorney's office.	tender validity period. There was non-adherence and non-compliance with circulars and laws	breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive to identify training needs of its	
34 Supply and Delivery of 8000 Tonnes of Crusher and 1,200 Drums of K160	Section 54 of the Public Procurement and Asset Disposal Act, 2015	Examination of payment in respect of an amount of Kshs. 21,600,000 for supply and delivery of 8000 tonnes of crusher run and Kshs. 39,600,000 in respect of supply and delivery of 1,200 drums of 200 kilograms of K160	This was an open tender and prices are determined by the competitive price offered by bidders and was evaluated within the given price range for goods. The prevailing market price may not have other charges loaded	The committee observed the issue is not addressed since acceptance of award, performance bond and signed framework		60 Days from the date of adoption of this report

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		No evidence of market survey carried out to inform the placing of orders, no evidence of acceptance of award, performance bond and signed framework contract agreement binding the contractor and the County Executive.	it for example delivery charges, taxes and markup to cover for the goods purchased on credit. This framework contract was through call-offs order where the price has been determined in the contract by applying the terms specified without reopening competition.	contract agreement binding	staff serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
35 Irregular Procurement of Bitumen	Regulation 101(3) and 103(1) and (2) of the Public Procurement and Asset	The County Executive paid a supplier an amount of Kshs.33,000,000 for supply and delivery of one	This was an open tender and prices are determined by the competitive price offered by bidders and was evaluated	The committee observed that it was not clear how the supplier was	1. The Ethics and Anti-Corruption Commission (EACC) should investigate	60 Days from the date of adoption of this report

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	Disposal Regulations, 2020.	thousand (1,000) drums of 200kg of bitumen. The contract was executed through framework agreement which was signed on 22 June, 2023. However, the procurement method did not meet the conditions for the frame work agreement because there was no proof of competition	within the given price range for goods. The prevailing market price may not have other charges loaded it for example delivery charges, taxes and markup to cover for the goods purchased on credit. This framework contract was through call-offs order where the price has been determined in the contract by applying the terms specified without reopening competition.	selected from the two hundred and sixty-seven (267) bidders who were evaluated and recommended for consideration as per the professional opinion. Tender documents, tender opening minutes and attendance register, tender evaluation	this irregular procurement of bitumen worth Kshs.33,000,000 to determine whether the improper use of a framework agreement, without evidence of competitive bidding as required by law, constituted fraudulent procurement practices, collusion, or financial loss to the County; and	

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				minutes and award were not provided for audit. Tender documents not provided	2. The County Executive to identify training needs of its staff serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
36 Irregular Procurement	Section 53(8) of the Public Procurement	Procurement of services commenced with insufficient	It is unrealistic to extend a non performing contract.	The committee observed that	The Office of the County	60 Days from the date of

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of Renovation of County Flats in Uhuru Estate	and Asset Disposal Act, 2015	budgetary provision of Kshs.17,750,000 against a contract sum award of Kshs.39,866,880. The contract duration had already lapsed while the paint works and roofing remained incomplete.	The county therefore allowed for the suspension until the payment is made for the contractor to resume the works. It is worth noting that the project is still valid but on prolonged suspension. Once the payments due are made, the contract time will be extended.	the Issue is not addressed since the Contract duration lapsed without completion of works	Governor undertakes: 1. Administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the	adoption of this report

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					Auditor General within sixty (60) days from the adoption of this report. 2. The County Executive should have in place a projects implementation team that tracks projects from initiation to timely completion. Contractors that perform substandard works should be blacklisted	

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37 Payment for Construction of ECDE Centre at Ngungu Primary School	Section 88(1) of the Public Procurement and Asset Disposal Act, 2015	Examination of records in respect of an amount of Kshs. 4,088,753 for construction of ECDE Centre at a contract sum of Kshs.13,975,680 indicated that the practical completion date for the works was 3 November, 2020. Discussions with Management revealed that the construction was currently at 95% completion However, given that the contract period had lapsed, the	The contractor raised the first Interim Payment Certificate on 18th August 2020 which was within the contract period (See attached copy of the certified payment certificate). The payment was delayed due to the delayed transition from NMS to Nairobi City County government. The contractor's first IPC was settled in July 2024. Thereafter the contractor applied for time extension to enable her complete	The committee observed that the Issue is not addressed since the Contract duration lapsed without completion of works	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	60 Days from the date of adoption of this report

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		contractor was performing the works with an invalid contract and there was no evidence of extension of contract duration. This was contrary to Section 88(1) which provides that before the expiry of the period during which tenders shall remain valid, the accounting officer of a procuring entity may extend that period.	the outstanding works (See attached copy of the application) which was granted.		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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					2. 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	

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					report; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
38 Irregular Procurement of Events Management Services	This was contrary to Section 68(1) of the Public Procurement and Asset Disposal Act, 2015	Payment of Kshs.49,955,400 for provision of events management Services at Kenyatta International Conference Centre (KICC). The audit could not establish justification for	The county opted for open tender and KICC did not bid for the tender which was awarded to the service provider who qualified. The evaluation signed scoring sheets and the	The committee observed that the issue is partially addressed and Supporting evidence provided	1. The Ethics and Anti-Corruption Commission (EACC) should investigate the irregular procurements totaling Kshs.82,941,658 for	60 Days from the date of adoption of this report

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		contracting the same services through a third party, while the venue for the event could offer all the services tendered at a fair price. contract binding the County and the service provider was not provided for audit. No evidence of payments of performance bond no evidence of publishing of advertisement of the tender	performance bonds are attached in Appendix B 21. The evidence of advertisement of the tender NO. NCC/CCAT/T/142/1373098/2023 - 2024 in the PPIP portal is attached in Appendix B 21. The invitation date was done in minimum of seven days It was published on 22nd November, 2023 and opened on 29th November, 2023. The tender evaluation scoring was signed as	However, performance bond not provided	events management services to determine whether the blatant violations of the Public Procurement and Asset Disposal Act, 2015, including unsourced justification for third-party contracts, lack of competitive bidding, unsigned evaluation reports, missing performance	

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			attached and there is evidence of the evaluation report signed. The performance bond was not indicated in the document.		bonds, and unlawful tender timelines, were deliberate acts to defraud public funds; and 2. The Office of the County Governor undertakes administrative action against the Head of Procurement and other responsible officer(s) for breaching procurement laws in	

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					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.	
39 Anomalies in Provision of Legal Services	Section 103 of the Public Procurement and Asset Disposal Act, 2015	i. The basis of the fee notes in view of the Advocates Remuneration Order together with a detailed summary of services rendered by	Advocates raise fee notes in line with the Advocates Remuneration Order(ARO). However, under schedule 5 , of the	The committee observed that the County did not limit hiring of outside	The Committee recommends that; 1. The Office of the County Governor	60 Days from the date of adoption of this report

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		the lawyer upon which the fee note is based was not provided for audit review. ii. The advocates were directly appointed from a list of prequalified advocates without subjecting the process to mini competition ii. The contracts between the Advocates and the County and the current status of the legal cases was not provided for audit.	Order, the Advocate and the client can agree on fees provided the same is not below the stipulated minimum under the Order as that would amount to undercutting. Where the value of the subject matter is pleaded Schedule 6 and 7 apply. when the list for prequalified firms were forwarded to the office of the county attorney, the legal firms were not subjected to another bidding process because the law	Counsel and utilize in-house Counsel, which is more cost effective and less prone to abuse. In addition, the response does not provide how the prequalified advocates were engaged for service	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	

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			which govern the legal profession does not contemplate the process, reason being, ultimately the fees shall be charged as per the advocates remuneration order. The legal framework for the public procurement of consultancy services in Kenya, under PPADA 2020 and the procuring public entities should therefore be aware of and take into consideration the tenets of the legal profession and demand special		General within sixty (60) days from the adoption of this report; 2. The Ethics and Anti-Corruption Commission (EACC) should investigate the expenditure of Kshs.483,835,759 in legal fees and the outstanding Kshs.21.37 billion in pending legal bills to	

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			exception in the public procurement of the legal services. On the question of agreements, the law in Section 46 of the Advocates Act which governs the legal profession forbids advocates from entering into certain agreements with their clients and even goes ahead to invalidate such agreements. However, there are Formal Instruction Letters which are issued to the legal service providers, and are binding.		determine whether the direct appointment of advocates without competitive procurement, unexplained fee revisions, and missing documentation violated Sections of the Public Procurement and Asset Disposal Act, 2015 and potentially enabled fraud or inflated costs;	

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			The Payments may not be according to the principle of first in first out basis and this is attributable to the following factors;		3. The County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015; and 4. The County Executive utilizes the Office of the County	

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					Attorney to provide legal advice and court representation and should provide evidence of compliance with the County Attorneys Act within 60 days of the adoption of this report.	

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40 Unfair Award of Cases and Payment to Advocates	Regulation 91(5) of the Public Procurement and Asset Disposal Regulations, 2020	65 cases were awarded to eight (8) advocates with the number of cases allocated to each ranging between four (4) and twenty (20). Criteria for allocation not explained. County paid some advocates who defended the County in new cases while some old cases remained unpaid for years.	In allocating the files to external counsel, we take into consideration past experience of the advocate in handling our cases, familiarity with the matter, complexity of the case or cases and areas of specialization. Contrary to what is alluded herein, the list of cases and the advocates on record for the financial year under review are as per Annexure 22.2	The committee observed that the County did not limit hiring of outside Counsel and utilize in-house Counsel, which is more cost effective and less prone to abuse. Issue again is not addressed since all prequalified advocates are eligible for	The committee recommends that 1. the Ethics and Anti-Corruption Commission (EACC) should investigate the irregular allocation of 65 cases to only 8 out of 350 prequalified advocates, in clear violation of Regulation 91(5) of the Public Procurement and Asset Disposal Regulations	60 Days from the date of adoption of this report

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				award of cases.	, 2020 to determine whether this selective case distribution -coupled with the questionable prioritization of payments for newer cases over longstanding ones-involved favoritism, collusion, or fraudulent diversion of public funds. The probe	

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					should address the unexplained criteria for case allocation to specific advocates, potential kickbacks or conflicts of interest in the payment prioritization process, and compliance with Sections 57, 71, and 106 of the Public Procurement and Asset Disposal	

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					Act Cap. 412C on equitable rotation of prequalified service providers; and 2. The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation and should provide evidence of compliance with the County Attorneys	

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					Act within 60 days of the adoption of this report.	
41 Long Outstanding Court Payments	Review of record in respect of legal cases indicated that the County had been involved in numerous legal disputes dating back to the 1990s which have resulted in heavy fines and	Regulation 41(2) of the Public Finance Management (County Government) Regulations, 2015	The greatest challenge in complying with payment of decrees is attributed to budgetary constraints and that is the reason why some of these decrees remain unpaid to the extent of the decree holders	The committee observed that the County has consistently failed to comply with court orders, leading to accumulation	The Committee recommends that; 1. The Office of the County Governor undertake administrative action	60 Days from the date of adoption of this report

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	penalties. Despite these outcomes, Management has consistently failed to comply with court orders, leading to accumulation of interest on unpaid fines. This exposes the County to additional financial strain and legal consequences		proceeding to file contempt proceedings against the County officials.	of interest on unpaid fines. Court payments still remain outstanding	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	

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					a status report to 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	

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					25(2)(e) of the Public Finance Management (County Government) Regulations, 2015; and 3. The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation and should provide evidence of compliance with the County	

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					Attorneys Act within 60 days of the adoption of this report.	
42 Non - Adherence to Salaries and Remuneration Commission Guidelines	SRC Circular Ref. No. SRC/TS/COG/6/61/48	i. The contract sum of Kshs.235,323,395 was against the Salaries and Remuneration Commission Circular Ref. No. SRC/TS/COG/6/61/48 Kshs.45 million. Title deed for the land on which it intended to build the Governor's residence not provided ii. Failure to Construct Deputy	The County Government exceeded the cost of Governors house with Ksh. 190,323,395 because of the following reasons: i) This is a complex building with multiple interconnected facilities and amenities that serve a variety of other official purposes.	The committee observed that the County has failed to Construct Deputy Governor's Residence and Irregular Rental House Allowance issue is not addressed In addition, the ownership	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	60 Days from the date of adoption of this report

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		Governor's Residence and Irregular Rental House Allowance	ii) There will be two(2no) blocks, the Governor's house and an Administration block with various sub offices and His Excellency the Governor will be conducting some of his Official duties and responsibilities in the sub offices The ownership documents of the land situated on the northern boundary of plot no. 2368 is attached for reference.	documents for land not provided	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 Executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submitting a report to the Office of the	

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			The county is sourcing for land to construct the Deputy Governor's residence		Auditor General.	
43 Irregular Payments to Dishi Na County Implementor	Regulation 72 of the Public Finance Management (County Government) Regulations, 2015	The County Executive ought to have paid the implementor Kshs.20 per plate served to form part of the contract cost of Kshs.25 as provided in the contract. Instead, the County paid Kshs.25 per plate served. There was no agreement or memorandum of	The County Executive entered into a contract with Food for Education on 5 December, 2023 for the provision of school feeding services as part of the Dishi na County Nairobi School Feeding Program for (one) (1) year at a rate of Kshs.25 per plate. The Ksh 25 per plate	The committee determines that the donation, given that it is given under the Dishi na County program, it should be disclosed and accounted for. The County Government	The Committee recommends that the Office of the County Governor should regularize all irregularities in the Dishi na County program by recovering the overpaid funds resulting from the incorrect Kshs.25 per plate payment (which should have been	60 Days from the date of adoption of this report

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		understanding signed between the County and the Company the County Executive for the pilot exercise. The Embassy of France disbursed Kshs.145,725,000 directly to Food for Education. The audit could not establish its accountability.	paid by the county aligns with the contract, while an additional Ksh 5 is contributed by parents. Food4Education covers the remaining Kshs.15, as outlined in the tender's terms of reference. The total meal cost includes food ingredients, distribution and logistics, sourcing, utilities such as water and electricity, cooking fuel, technology, cooking labor and overhead costs.	should pay the implementor Kshs.20 per plate as stipulated in the contract.	Kshs.20), formalizing the engagement with Food for Education through a signed contract or MoU to clarify roles and payment terms, establishing clear guidelines for managing donations, including tracking and auditing the Kshs.145.7 million from the French Embassy and implementing stringent oversight	

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			Nairobi City County Government did not receive any grant towards the Dishina County School Feeding Program. The said grant was awarded to Food for Education Foundation who signed an MoU with the French government. The allocation was to support vulnerable learners whose parents were unable to pay for their meals.		mechanisms to ensure future compliance with contractual and financial protocols 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.	

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44 Irregular Procurement of Proposed Construction of Central Kitchen	Section 44(2)(h) of the Public Procurement and Asset Disposal Act, 2015	i. This contradiction of the individual scoring of each member of the evaluation committee and the outcome of the evaluation ii. indicated that none of the evaluators signed against their individual score sheets casting doubt on the authenticity of the scores Physical verification of Central Kitchens for the Dishina County Programme carried out in the	Each evaluator signed against their score sheet. See attached hard copies of the individual evaluator scores in the appendix provided. Corporate Transfers Solution Ltd under Contract No. NCC/TSDC/T/309/2022-2023 was non-responsive at the preliminary stage of the evaluation hence could not proceed to Financial evaluation. The payment for the meter and power installation was made to Kenya	The committee determines that the issue partially addressed as the explanation for donation provided, however, the allocation is being utilized under dishina county programme by the implementer, therefore, the donation should be disclosed and	The Committee recommends that the County Executive should regularize all irregularities in the Central Kitchen construction projects by holding the contractors accountable for substandard work (e.g., cracks, missing utilities, and incomplete installations) by enforcing contractual	60 Days from the date of adoption of this report

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		month of October, 2024 revealed poor workmanship The central kitchen at Mutuini Primary School noted that the kitchen was feeding 17 schools among them 5 high schools. The audit team was informed that the high school students pay Kshs. 30 per plate per student. Feeding of high school students was beyond the scope of the program and therefore irregular.	Power. The payment receipts and EPRA Certificates were sent. According to Kenya Power, meter number 25700736579 has been assigned to the kitchen. • Water connection was done by Nairobi Water and Sewerage Company and Meter number 5255585 was allocated to Toi Central Kitchen. • The kitchen uses briquettes as the primary source of cooking energy, whereby	accounted for Further, even though the Meter installation done, the connection of gas to the cooking vessels is not yet done.	penalties or demanding remedial work, recovering funds paid for undelivered services (e.g., water tanks and driveway lights) and reviewing the Mutuini Primary School kitchen's operations to align with the program's original scope by ensuring high school payments (Kshs.30/plate which is high) do not divert	

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			gas is used as a backup, and all infrastructure is in place. The connection of gas to the cooking vessels is underway. The contractor satisfactorily did light paving of the driveway and parking at the time of handing over. It is noted that there is a typo whereby the BQ for the parking and driveway (D) is erroneously assigned to the ELECTRICAL WORKS section. Make reference to the Farasi lane		resources from vulnerable beneficiaries and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	

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			BQ where the driveway and parking is assigned under PROVISIONAL SUMS and not ELECTRICAL WORKS. The contractor installed the three (3) water tanks as per the BQ specifications. There is photo evidence of the same. The high schools being fed from the Mutuini Kitchen have been previously feeding from the Dagoretti South National Constituency			

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			Development Fund kitchen before Dishina County was initialized. Below are the high schools with their corresponding number of meals; Ndurarua Secondary-550; Mutuini Girls-89; Kagira High-60 and Riruta High-210 . Payment for these meals is done directly to Food for Education by the respective schools.			
45 Irregular Procurement for	Regulation 137 of the Public	The contract period had lapsed and there was no evidence of	The performance bond was delivered accompanied by the	The committee determines	The Committee recommend	60 Days from the date of

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Construction of Market	Procurement and Asset Disposal Regulation, 2020	approval of extension of the contract while the performance bond expired on 2 July, 2024. The project had since stalled.	acceptance on 2nd January 2024 and was valid until 2nd July 2024; iii. The contractor raised the first certificate of Ksh. 69,000,000 on 15th March 2024. The inspection certificate and payment vouchers were done before mid-May 2024 awaiting payment; iv. Payment delayed and was done on 18th July 2024; v. The performance bid was valid by the time the	that the issue is only partially addressed as the Contract duration lapsed without completion of works	s 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	adoption of this report

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			certificate was being invoiced and uploaded on IB; vi. The project is currently at 80% completion rate.		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 Executive establishes a project management and monitoring	

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					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	

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					Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 3. The Office of the County Governor to prioritise completion of stalled projects and provide a	

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					budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 4. The OAG to keep the matter in view and provide a status update to the Committee in the	

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					subsequent audit cycle.	
46 Procurements above the Budgeted Amount	Section 44(2) of the Public Procurement and Asset Disposal Act, 2015	The County Executive budgeted an amount of Kshs.36,000,000 and awarded the contract at a contract price of Kshs.47,917,860, therefore incurring Kshs.11,917,860 over and above the budgeted amount.	The contract for procurement of medical equipment of sum amount of Kshs.47,917,860 is a pending bill incurred during financial year 2022/2023 being payment of supply and delivery of medical equipment for Mbagathi and Pumwani hospitals.	The committee determines that the issue is only partially addressed as the activity has resulted into a pending bill but whose payment has not been completed	The Committee recommends that the County Executive must immediately take corrective action to address these procurement irregularities by conducting a comprehensive review	60 Days from the date of adoption of this report

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					of all contracts awarded above budgeted amounts to determine justification for the over-expenditures totaling Kshs.26,916,754, enforcing strict adherence to Section 44(2) of the Public Procurement and Asset Disposal	

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Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					Act, 2015 by ensuring all future procurements remain within approved budgets and implementing stronger budgetary controls to prevent unauthorized spending.	
47 Supply and Delivery of Non-Pharmaceuticals	Section 48 of the Public Procurement and Asset Disposal Act, 2015	The County Executive incurred an amount of Kshs.13,890,000 on supply and delivery of non-pharmaceuticals.	Management noted that there was delay in appointment of inspection and acceptance committee however this did not cause	The committee determines that the Inspection carried out two months	The Office of the County Governor undertakes administrative action against the responsible	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		Review of stores received statement indicated that goods were received in the stores on 3 August, 2023. However, the appointed inspection and acceptance committee carried out inspection on 6 October, 2023, two months after receipts of goods in the stores.	any loss of material defect on the commodities supplied since the appointed team inspected and accepted goods supplied were of good quality and quantity as per the attached LPOS issued. The LPO issued was validated by the authorized officer therefore giving its extension of validity period.	after receipts of goods in the stores revealed that the goods were delivered after the 30 days validity period of LPOs. Delay in appointment of inspection and acceptance committee and delivery of goods after lapse of LPO validity period	officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive to identify training	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					needs of its staff serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
48 Supply and Delivery of Health Products for Mutuini	Section 48 of the Public Procurement and Asset Disposal Act, 2015 which states that the inspection and	The County Executive incurred an expenditure of Kshs. 8,880,632 for supply and delivery of health products for Mutuini Hospital. Review of	Although the validity period for the LPO had lapsed, the stores LPO copy had been validated on 21/9/2023 thus giving the LPO validity, an	The committee determines that the Inspection carried indicated that that opening	The Office of the County Governor undertakes administrative action against the responsible	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Hospital	acceptance committee shall immediately after the delivery of the goods, works or services; (a) inspect and where necessary, test the goods received; (b) inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract; and (c) accept or reject, on behalf	procurement documents indicated that opening of the tender was done on 29 June, 2023 while evaluation was performed on 28 June, 2023 a day before opening. Further, the award letter stated a contract period of 14 days. However, local purchase order (LPO) were issued on 14 July, 2023 while delivery was done on 27 September, 2023. Therefore, the goods were delivered after the 30 days validity	extension and it's on this strength that receipts were done (stores LPO copies attached).	of the tender was done on 29 June, 2023 while evaluation was performed on 28 June, 2023 a day before opening. F Opening of the tender was done on 29 June, 2023 while evaluation was performed on 28 June, 2023 a day before opening.	officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive to identify training	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	of the procuring entity, the delivered goods, works or services	period of the LPOs. In addition, inspection was done on 21 November, 2023; almost two months after delivery of goods.		the goods were delivered after the 30 days validity period of the LPOs.	needs of its staff serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
49 Supply and Delivery of Non-Pharmaceuticals and Linen for	Section 150 of the Public Procurement and Asset Disposal Act, 2015.	i.The contracted supplier delivered goods partially on 30 August, 2023 and issued a credit note of Kshs.2,496,000. No explanation was provided for failure	The supplier delivered the items on 21/8/23 after expiry of the validity period of the LPO. However, the stores copy of the LPO had been validated on	The committee determines that the Inspection carried out revealed that delivery had	The Office of the County Governor undertakes administrative action against the responsible officer(s) who	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Health Facilities	Section 48 of the Public Procurement and Asset Disposal Act, 2015	by the contractor to deliver all the items ii. Goods were delivered after the 30 days validity period of LPOs. Date inconsistencies implying that how the goods were received in the stores before being delivered by supplier. inspection was done more than one month after delivery of goods.	18/8/23 (copies attached) giving it an extension informed by the nature and purpose of the goods, the extension was necessary in line with PPDA 178(i). The supplier was unable to service all the items on the LPO because the cost of shipping the few items that were not locally available then which necessitated the raising of the credit note.	not been concluded upon which there was a lapse of tender validity period	failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive to identify training needs of its staff	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
50 Supply and Delivery of Yellow Fever Certificate	Section 48 of the Public Procurement and Asset Disposal Act, 2015	The County Executive paid Kshs.8,000,000 for the supply and delivery of yellow fever certificates. However, delivery notes indicated that goods were	The goods were delivered on 5 th July 2023. Inspection and acceptance certificate serial no 3388 was duly signed on 18 th July 2023. (copy attached)	The committee determines that the goods were received but there were delays. Inspection and acceptance	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	The inspection and acceptance committee shall immediately after the delivery of the goods, works or services—	delivered on 5 July, 2023 but received in the stores through stores received statement dated 25 July, 2023. This was more than 20 days after delivery by the supplier. Further, goods were inspected on 18 July, 2023, before being received in the stores, therefore casting doubt on whether the stores received the goods. In addition, the County Executive paid another supplier an amount of Kshs.19,875,000 for	The goods were posted in the Stores received statement (SRS) on 25th July 2023(copy attached) after inspection and acceptance in accordance with Section 159 of the PPAD Act 2015 . The store cannot receive goods into the official accounting document i.e. the SRS until they have been duly inspected and accepted by the ad hoc Inspection and Acceptance committee.	committees were signed way later	documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive to identify training needs of its staff serving in the	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		supply and delivery of yellow fever certificates, however, it was established that goods were delivered and received in the stores on 28 August, 2023 after expiry of LPO validity period of 30 days. The LPO number 4300 was issued on 14 July, 2023.	The stores received items on 28 th August 2023 vide LPO 4300 (copy attached) which had been validated by the HSCM on 22/8/2023 therefore the LPO was valid at the time the delivery was done.		Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.	
51 Procurement and Payment of	Regulation 78(1) of the Public Procurement	i. The tender was not supported with appointment letters for tender opening	i. The documents providing the register of members for both the Tender	The committee determines that	The Office of the County Governor undertakes	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Fuel, Oil and Lubricants	and Asset Disposal Regulations, 2020. Regulation 91(5) of the PPAD Regulations, 2020	committee. Further, the tender opening committee and the tender evaluation committee consisted of the same members the County Executive procured fuel from only one company without ensuring fair rotation among the companies County Executive fueled vehicles belonging to the County Assembly	Opening Committee and the Tender Evaluation Committee, which demonstrate that the members are not the same, are attached in Annex 6 for your reference ii. The documents evidencing the notification and acceptance of the award from the companies that were awarded the framework contract to supply and deliver fuel and oil have been attached in Annex 6 for your reference. (Annex 6)	Repair of speedometer is ongoing However, Opening, committee members appointment was not provided, evidence of acceptance letter was from only one supplier in the framework agreement.	administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		totalling to Kshs.2,564,401. Management had fueled vehicles whose speedometers were defective. Due to the defect, it was not possible to ascertain the fuel consumption by the vehicles. Un updated work tickets Lack of fuel card policies and procedures in order to ensure that there are sufficient	ii. There is a strong and mutually beneficial working relationship with Vivo Energy, which allows them to extend credit facilities to us before the payment is fully processed iii. Work tickets for all County Executive and County Assembly vehicles are issued and surrendered at a central point, the Transport Inspection Unit (TIU) at Muoroto, along Landhies Road..		2. The County Executive to identify training needs of its staff serving in the Procurement and Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report. .	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		controls over management of fuel, fuel consumption records for generators were not provided for audit.	iv. As a County Government we have started repairing the faulty speedometer as evidenced by Job card KAT 535X (Annex 7) which has been replaced v. Due to the bulk nature of the records and the limited workforce handling them, occasional errors may arise during the data entry process. These errors are generally typographical in nature, such as			

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			incorrect digits or miswritten details, and do not have a significant impact on the overall integrity of the data.			
52 Construction of Gikomba Fire Station	Regulation 137 of the Public Procurement and Asset Disposal Regulation, 2020	Tender Opening committee members were appointed as tender evaluation committee members. Further, inspection and acceptance certificate no. 1 not supported with a technical report detailing the works done, including the remaining works against which the contract completion	The Chairpersons of the two respective committees were different individuals as per the Act. The Quantity Surveyor appeared in both Committees as the Competent Technical Authority who had prepared the project's Bill of Quantities	The committee determines that the County did not have in place a projects implementation team that tracks projects from initiation to timely completion. Contractors that perform	The Committee recommends that ; 1. the Ethics and Anti-Corruption Commission (EA CC)	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		period could be compared. The project was incomplete despite lapse of contract period.	The User Department nominated one officer who had been taken through intensive training and demonstrated a good understanding of the then newly introduced E-procurement system Valuation of the Contract period is in the process to determine the validity period and enable the Contractor to complete the project once payment for the	substandard works should be blacklisted. Contract period lapsed without completion of works.	investigate the potential procurement violations in the Gikomba Fire Station project, particularly the unla	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			Valuation certificate 1 raised is settled. Refer to Appendix 28		wful dual role of com mitte e mem bers in both tende r openi ng and evalu ation and the unsu pport	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					ed paym ent of Kshs. 30,02 4,578 witho ut prope r docu ment ation of work progr ess; and 2. The Coun ty Exec	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					utive to identi fy traini ng needs of its staff servi ng in the Proc urem ent and Finan ce Depa rtme nt and	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					initiate capacity building with the relevant institutions in a bid to regularize its procurement practices	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					by establishing separate, legally-compliant tender opening and evaluation committees for all future	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					e proje cts, imple menti ng mand atory techn ical progr ess repor ts befor e any paym ents are appro ved and	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					conducting a comprehensive audit of all ongoing contracts to verify completion status and value for mone	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					y and subm it a status repor t to the Offic e of the Audit or Gene ral withi n 60 days of adopt ion of this repor	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					t.	
53 Irregular Procurement of Affordable Housing Project	Section 134(2) of the Public Procurement and Asset Disposal Act, 2015 Section 142 of the Public Procurement and Asset Disposal Act, 2015 which states that subject to the regulations, a successful	The contracts were not cleared by the Attorney General before they are signed. Clause 6 of the agreement, contradicted the conditions in the tender document which defines the total development cost to include the value of the land on which the project shall be	a) The tender document for the Woodley site provided the following as per Appendix B 29 (i) – Bid Form 1 table B & C; <u>Development cost</u> which is cost for project construction which the Developer tendered at Kshs 10,288,284.589.00 b) <u>Total Development cost</u>, which is Development cost	The committee determines that the Accounting Officer did not ensure that award of contracts takes into account all relevant financial considerations, including issues of propriety,	The Committee recommends that; 1. The County Executive should take corrective action to regularize these irregular Affordable	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	tenderer shall submit a performance security equivalent to not more than ten (10) per cent of the contract amount before signing of the contract.	implemented. The cost of the land is the contribution of the County Government. The value of the performance bond for the Woodley not commensurate with the value of works. Section 9 of the joint venture agreement contradicts Section 12 of the same agreement. This clause might be abused by either party.	in (1) above plus land value. The contract amount is Ksh 10,288,284,589.00, however the public exposure, which need to be de-risked, is on the value of land estimated at Ksh 2,897,310,000.00 (9.6 Acres valued at Ksh 300,000,000.00 per acre) and therefore the Ksh 57,946,200 is 2% of the land value, which is within the PPADA range not more than range of 10%.	regularity and value for money.	Housing Projects by submitting all contracts to the Attorney-General for ex-post facto clearance as required by Section 134(2) of the Public Procurement and	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		Evaluation report contradicted the findings of the scores documented for mandatory requirements the County Accounting Officer responsible did not submit the tender documents and the proposed procedure to the Cabinet Secretary for approval detailing the justification for the use of the method. Titles for the land on which the affordable	After the functions were returned to Nairobi City County Government, the County Secretary wrote to Principal Secretary the National Treasury vide letter: URHBS/HOU./6/2/MR/sm dated 6th December, 2022 to request approval for use of specially permitted procurement method and the same was approved by Cabinet Secretary vide letter: NT/PPD/CONF/5/5/007(12) dated 7th February, 2023.		Asset Disposal Act, 2015, reconciling the contract sums to properly include land valuation as stipulated in Clause 6 of the agreements and requiring developers to	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		housing projects were to be built were not provided for audit. This includes the title for Jevanjee land.			provide compliant performance bonds equivalent to 10% of contract sums (Kshs.1.03 billion for Woodley and Kshs.1.07 billion for Bahati) within 30	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					days; 2. the County Executive should resolve the contradictory clauses in joint venture agreements by either renegotiating terms or terminating non-compliant	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					contracts , while providin g all missing land titles (includin g Jevanjee) to the Office of the Auditor General to verify ownershi p and proper valuation of county contribut	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					ions within sixty (60) days from the adoption of this report.	
54 Irregular Procurement for Completion Works of a Modern OPD Complex at Mutuini	Regulation 137 of the Public Procurement and Asset Disposal Regulation, 2020	Awarding of Kshs.236,524,771 for completion works of the Modern OPD Complex at Mutuini Hospital for 18 months is deemed irregular, since the remaining works of 45% amounted to Kshs.67,087,995 in respect of the initial contract sum. Therefore, a cost of	The defunct Nairobi Metropolitan Services (NMS) awarded M/s Pinnie Agencies limited via tender No. NMS/RT/008/2020-2021 for the construction of a modern OPD complex at Mutuini Hospital at a contract price of Kshs.	The committee determines that the Accounting did not ensure that award of contracts takes into account all relevant financial considerations, including	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	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Hospital		Kshs.169,436,775 for an extra floor was more than the initial contract sum of Kshs.149,084,435.44	149,084,435.44. The works entailed construction of a new 2-storey medical block with a slab to await for phase two of the construction. The project stalled at approximately 55% completion and the contractor had raised two certificates totaling Ksh. 81,966,439. The Contractor was paid Ksh. 57,952,341.35 of the first payment certificate which is equivalent to 45% contract sum.	issues of propriety, regularity and value for money.	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; and 2. The County	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			The NCCG awarded a new contract vide tender No. NCC/HWN/T/349/2023-2024 at a contract price of Kshs. 236,524,771. Phase two of the construction was factored into this contract		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 Manageme	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					nt Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report.	
55 Stalled Projects	Section 108 of the Public Finance Management Act, 2012	i. Desert Playground in California- ii. Construction of Social hall at Kahawa west iii. Other stalled projects valued at Kshs.2,282,899,172	Due to budgetary constraint, the phases of the project entailed construction of the foundation, sub structure and super structure for ground floor and 1 st	The committee determines that the Accounting Officer did not put in place a projects	1) The County Executive establishes a project management and monitoring System to help in proper project	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		-Contract period had lapsed and no extension request had been lodged by the contractor.	floor slab. (Sees attached BQ). This phase 1 of the project is complete (See attached completion certificate). Phase II which entails finishes has been planned for FY 2024/2025.	implementation team that tracks projects from initiation to timely completion. Contractors that perform substandard works should be blacklisted	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	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					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; The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
56 Irregular Expenditure under Framework Contracting on Purchase of Food and Non food Items	Regulation 91(5) of the Public Procurement and Asset Disposal Regulations, 2020	County awarded contracts to the highest bidded prices on food items under the framework contract resulting in excess expenditure of Kshs.16,510,760 which could have been avoided if the County considered awarding the contracts to the lowest bidders. Further, the County did not rotate contractors while awarding purchase orders.	The county had challenges in rotating the contractors in the framework contract due to the following reasons; i. Due to the prevailing economic environment, most of the contractors who had quoted lower prices were unable to supply due to lower profit margins or potential losses arising from increased product costs. ii. Delays in payments for goods supplied by some	The committee determines that the Accounting Officer did not provide a response that was supported with documentary evidence that other contractors within the framework contract were engaged. In addition, the Accounting	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	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			Contractors caused reluctance by others to supply especially if their prices were lower. Other Contractors were reluctant to sign contract agreements with the County even after being shortlisted in the Framework contract; hence could not be awarded purchase orders.	officer should ensure that all procurements of goods and services are competitive even in framework contract by inviting a mini-competition amongst the suppliers.	Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 3) 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	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					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.	
57 Irregularities at Nanyuki Road Stores	Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 Regulation 176(1) of the Public Procurement and Asset Disposal	Physical inspection carried out in store revealed; i. 120 drums valued at Kshs.3,960,000 could not be accounted for. ii. Management did not conduct quarterly and annual inventory stock take	i. This was a case of theft and is under investigation internally and by Kenya Police The county has increased security personnel from two to five officers ii. The county conducted quarterly annual stock takes	The committee determines that the Accounting Officer did not prepare and provide a disposal plan.	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	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	Regulations, 2020	iii. Items left to deteriorate in the stores. iv. Unautomated weighbridge v. The County Executive did not prepare an annual disposal plan vi. Items received in the store on 9 September, 2021 had not been issued to the user department.	and the reports are provided in Annex ii iii. The above items were procured by NMS and records were not handed over when the deed of transfer of functions ended iv. Weights and Measures department has since calibrated the weighbridge The Disposal plan is attached in Annex v		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. In addition, the Office of the County Governor undertakes to investigate the	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					cases of pilferage and stock variances and appropriate action taken including preparing a disposal plan annually.	
58 Asphalt Plant Store	Regulation 133 of the Public Finance Management (County Government) Regulations, 2015	i. 25 drums amounting to Kshs.825,000 could not be accounted for. Bitumen ii. Unexplained variances between quantities requisitioned and issued from Nanyuki Stores	These drums of the bitumen were wrongly delivered at kagundo road asphalt plant depot. This depot does not bin cards for receiving deliveries from suppliers. They had to be transferred to Nanyuki road stores which is equipped as such. In	The committee determines that the Accounting Officer did not prepare and provide a stock reconciliation to ensure that stock take is conducted	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	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			the process of moving these drums it was discovered that 25 of them were leaking and they were used in the plant.	periodically and records maintained In addition, the supporting evidence for the leaking drums not provided	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;	
59 General Store	Regulation 133 of the Public Finance Management (County	i. The County Executive did not have any inventory management and control software for	The medical machines were transferred from the ministry of Health under the Managed	The committee determines that the Accounting	The Office of the County Governor undertakes implement	60 Days from the date of adoption

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	Government) Regulations, 2015	effective stores management. ii. Management had not implemented policies and procedures to guide on slow moving and obsolete items iii. Thirteen (13) pieces of medical machines (ACT machines, Mammograph machines, Biochemical analysis and Ski graph (medical equipment) donated in May, 2014 were still in the store unused for more	Equipment Services (MES) program. However, skills/training on how to operate these machines were not impacted on the county and the machines have remained idle.	Officer did not utilize the machines which remained idle for years.	policies that guide on stock levels for various inventory items in order to avoid wastage. The medical equipment should be put into use in the County's hospitals and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;	of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		than 10 years after receipts in the stores.				
60 Irregularities in Project's implementation	Regulation 137 of the Public Procurement and Asset Disposal Regulation, 2020	i. Dandora Stadium- Non-functional flood lights and public address system, field uneven, exposed electrical cables, visibly deteriorated roof. ii. Huruma Estate Renovations- The project was incomplete. The contract duration had also lapsed. Rooftop tiles were leaking . iii. Rehabilitation of Joe Kadenge City Stadium- Contract duration	1. The floodlights are working, PA system is working, perimeter wall boards were replaced 2. No Response 3. The contracted works involved installation of artificial turf, drainage and chain link. The artificial turf is at the grounds of Joe Kadenge and the ground works have been completed awaiting laying of the turf. Attached herein are photos of	The committee observes that the works remain incomplete and contract duration had lapsed. In addition, the Accounting Officer did not have in place a projects implementation team 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	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		lapsed with contractor having not completed works. The artificial tuff had not been installed, the drainage was partially done and the chain link had not been Contractor had abandoned the site. iv. Renovation of Uhuru Estate- Physical inspection revealed that painting works were poorly done and the contractor was not on site	the turf at the Joe Kadenge marked “JK1”. 4. Not all houses were renovated, due to budgetary constraints the renovation was limited to repair roof work of damaged roof and painting works. 5. According to the inspection/acceptance team and technical team, works were complete and thus the issuance of completion certificate. I. 6. All incomplete works not completed by first contractor	tracks projects from initiation to timely completion. Contractors that perform substandard works should be blacklisted	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	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		v. Construction of Jericho Perimeter Wall- Works incomplete, however inspection and acceptance report indicated that the expected works were 100% completed. vi. Rehabilitation of Joseph Kangethe/Woodley Stadium- A new contract was awarded to another contractor on 2 August, 2024 at a contract sum of Kshs.123,957,878.It was observed that the incomplete	were incorporated in the new contract hereby report that: 1. Drainage system works ongoing. 2. Earthworks for laying of turf have been completed just awaiting laying of the turf. 3. Turf was already on site. II. The terms citing terraces and main stand terraces refer to the same thing. Refer to Appendix 34.6		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; The OAG to keep the matter in view and provide a status update to the	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		works of the former contractor were not included in the scope of the new contractor.			Committee in the subsequent audit cycle.	
61 Lack of Non-Current Assets Ownership Documents	Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that, for effective, economic, efficient, and transparent use of government inventory, stores and assets at all levels, an Accounting	Ownership records on the parcels of land where the buildings and structures are constructed were not provided for review. Detailed analysis of the specific works done and the current status in the year under audit was not provided for audit.	Ownership documents are provided in Appendix 35	The committee observes that except for Only Title deed for Dandora dumpsite land(15.02 Hectares), the Accounting Officer did not provide and ensure safe custody of all the ownership	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
	Officer of a procuring entity shall take full responsibility of the management or control of inventory and assets.	A detailed schedule of infrastructure done over the years totalling Kshs.18,983,591,616 was not provided for audit.		documents of its parcels of land.	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;	
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE						
62 Lack of Human Resource Manual	Regulation 22(1)(b) of the Public Finance Management (County Government)	The County Executive did not have an approved staff establishment document, human resource and	The County has been fully relying on the Public Service Commission (PSC) Human Resource Manual 2016 and	The committee observes that the County is in the final	1) The County Executive should put in place a Human Resource	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
and Policies	Regulations, 2015	procedure manual, career progression guidelines, succession plan policy, disciplinary procedure policy, casual policy, recruitment plan and procedures relevant for the effective management of its public services. However, the County Executive's Schemes of Service and Human Resource Policy Manual, 2016 indicated that they were prepared and developed by the National	national government career progression guidelines. However, we are in the final stages of developing the Nairobi County Human Resource Manual. The Zero Draft was submitted to the Auditors for review. The same is re-attached herewith for perusal. The manual contains: Human Resource policy, Succession Plan, disciplinary procedure policy, casual policy	stages of developing the Nairobi County Human Resource Manual. The Accounting Officer is responsible for ensuring that manuals and policies are developed and approved in order to enhance internal controls	Manual and Policies within sixty (60) days from the adoption of this report and submit the same to the Auditor General. The Auditor General to closely monitor the development,	

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		Government for use by its officers. In addition, the schemes of service adopted by the County Executive did not include all the cadres of staff employed by the County Executive or incorporate the changes that have occurred within the County Executive's staff establishment over the years.	The Board can hardly project the County Staffing needs at the beginning of the Financial Year. This is because, recruitments are done as per sector needs. The Board recruits based on sector needs which are submitted in terms of formal recruitment requests supported by availability of budget and existence of vacancy in the staff establishment.			

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
63 Incomplete Assets Register	Regulation 136 of the Public Finance Management (County Government) Regulations, 2015	The asset register provided by Management was incomplete and had not been updated to reflect the balances disclosed in Annex 5 to the financial statements.	The county maintains an asset register that is continuously updated whenever a new asset is acquired. The county has engaged the services of County valuers for valuation of immovable properties (Land and Buildings) which appear in our assets register with no values. This ongoing process ensures that all assets owned by the county are systematically documented and	The committee observes that the County is in the process of obtaining asset values to ensure the asset register is complete. However, the current asset was not provided for audit.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General	60 Days from the date of adoption of this report

SUMMARY OF UNRESOLVED ISSUES						
Audit Query	Criteria	Audit Finding/Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			reflected in the register in real time.		within sixty (60) days from the adoption of this report; In addition, the County Executive should identify all its assets and record them in the asset register.	

**REPORT OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR GENERAL'S REPORT
ON RECEIVER OF REVENUE FOR THE COUNTY EXECUTIVE OF NAIROBI CITY FOR FINANCIAL YEAR
2023/2024**

Basis for Adverse Opinion

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
1.Lack of Ageing Analysis Listing of Revenue in Arrears	Regulation 63(6) of the Public Finance Management (County Government) Regulations, 2015	The statement of arrears of revenue reflects total outstanding revenues in arrears of Kshs.1,509,346,118,578. However, this was not supported with a listing of all individual debtors as per the ageing analysis. require unique strategies.	As of 30 June, 2024, the land rates balance as per current revenue collection system, Nairobi Pay, stood at Kshs.1,509,346,118,578 whose ageing analysis is hereby attached as per appendices. The County keeps on developing and improving the system using ICT technical capacity that solve all system issues. Appendix 1- List of ageing analysis report. (soft copy)	The committee observed that the issue is not addressed since what has been provided are block figures without the listing per overdue days	1. The 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	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					timelines and submit a report to the Committee within 60 days of adoption of this report; 2. The Accounting Officer should ensure adequate books of accounts are kept relating to revenue collection and debt management.	
2.Variance Between Report	Regulation 22(1) of the Public Finance Management	Included in the revenue report are eleven (11) revenue streams totaling Kshs.12,053,763,650	The County collected Kshs.12,963,144,592 during the Financial year 2023/2024,	The committee observed that the issue is not	1. The Office of the County Governor undertakes administrative	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
ted Revenue and Transaction Schedules	nt (County Government) Regulations, 2015	and other income valued at Kshs.909,380,942. However, the transaction report per revenue stream provided for audit totaled Kshs.10,714,304,140 which differed with the reported revenue amount of Kshs.12,963,144,592 resulting in an unreconciled variance of Kshs.2,248,840,452. Further, review of the bank statements revealed that three (3) Mpesa transactions totaling Kshs.32,994,754 could	This collection included amounts collected in County Hospitals and the Liquor Boards. The said transaction report per revenue stream that was provided for audit of Kshs.10,714,304,140 was an analysis all revenues excluding liquor Kshs.270,747,747 and hospitals Kshs.1,154,091,268 which are run and audited independently. The County transactions for the OSR amounting to Kshs.12,963,144,592 are as provided for your reference.	addressed since the County provided transactions for OSR now totals Kshs.11,493,614,033 This varies with what was provided during audit	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 adoption of this report; 2. The Accounting Officer should	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		not be traced in the revenue bank accounts.	The three (3) Mpesa transactions totaling Kshs. 32,994,754 that could not be traced in the revenue bank accounts were a consolidated figure for 3 days' collection and were actually received in the County bank account as indicated in the Table below, extracts of the statements confirming the same are hereby attached in appendix 2(b) and 2(c) for your reference. RECONCILIATION OF VARIANCE OF MPESA TRANSACTIONS – KSHS 32,994,754		ensure adequate books of accounts are kept relating to revenue collection and debt management	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
			Appendix 2. (a) List of OSR transactions (soft copy) Appendix 2. (b) Extract from Mpesa statements on 3No. M-pesa transactions worth Kshs. 32,994,754 Appendix 2. (c) Extract of Co-op bank statements confirming receipt of M-pesa payments from M-pesa utility account.			
3. Irregular Bank Charges	Regulation 22(1) of the Public Finance Management (County Government	Analysis of bank charges accrued in one of the revenue accounts revealed that the bank charges totaled to Kshs.67,700,753. This	The County has already communicated with the said Bank requesting for a verification of Bank Charges for April and May 2024 via letter ref REV/CC/124/2024 dated	The Committee observed that the County Executive has not	The Office of the County Governor undertakes measures to provide a verification of Bank Charges for	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
	t) Regulations, 2015	amount comprised of a debit entry of Kshs.4,728,500 in respect of excise duty and another debit entry for uncollected ledger fees of Kshs.23,642,750. These debit entries were made on 11 April, 2024 and the same repeated on 6 May, 2024. Further, a cumulative amount of Kshs.2,733,850 in respect of ledger fees was charged in the month of June, 2024. However, review of the bank's tariff guide	4th November 2024 which is attached for your reference. Further the bank has so far responded on the same explaining their tariffs and how they charge the County per attached letter dated 11th November 2024. Appendix 3.(a) letter ref REV/CC/124/2024 from the County dated 4th November 2024 Appendix 3.(b) a response from Co-op bank dated 11th November 2024.	provided adequate explanation on the charges and amount differed with the expected bank charges from this specific account of Kshs.200,000 resulting in an unexplained variance of Kshs.67,500,753.	April and May 2024. Further the Office of the County Governor to provide a reconciliation of the bank transactions and balances taking into account the high tariffs by the bank and further to ensure that irregular bank charges are not levied on the County bank accounts. In addition, the County Executive	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		indicated that Kshs.500 is charged for all real time gross transfer of funds regardless of the amount. An excise duty of 15% was also made on the charge. Therefore, the charge for each amount swept to County Revenue Fund account was expected to be Kshs.575 per transaction. A monthly ledger fee of Kshs.300 was also charged. Therefore, the charged amount differed with the expected bank charges from this specific account of Kshs.200,000 resulting			should initiate the process of making considerations for favorable rates and bank charges when opening a bank account	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		in an unexplained variance of Kshs.67,500,753.				
4. Accumulated Uncollected Ground Rent and Land Rates Arrears and Penalties	Regulation 63(6) of the Public Finance Management (County Government) Regulations, 2015	Analysis of land rates balances of arrears maintained by the Nairobi Pay System revealed that the County had total outstanding arrears and penalties on uncollected land rates of Kshs.1,504,240,612,353. However, this amount differed with the reported land rates arrears of Kshs.1,505,829,973,824 in the statement of arrears of revenue resulting in an	The amount provided as Land Rates arrears of Kshs.1,505,829,973,824 represents total balances including arrears accumulated in the current year while Kshs.1,504,240,612,353 was in respect to arrears only and therefore the variance Kshs.1,589,361,471 is as a result of time difference. The County uses Various strategies to recover Land Rates and Ground Rent Arrears which include and not limited to issuance of Demand Notes, Legal	The committee observed that there was an accumulation of uncollected Ground Rent and Land Rates Arrears and Penalties	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to reconcile the accounting records balances with the revenue figures in the financial statements which may expose the County to revenue loss.	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		unreconciled variance of Kshs.1,589,361,471. No evidence was provided on measures taken by Management to ensure recovery of the receivables. Further, included in the outstanding land rates arrears in the Nairobi Pay System, is Kshs.682,060,368 in respect of land rates arrears that was noted to belong to the Nairobi City County Government. The County owing itself casts doubt on the reliability of the revenue records maintained by the	Notices, Filing of Court Cases to Recover Owed Rates, listing of plots in arrears in print Media, adverts putting Rental units whose rates are in arrears under Nairobi City County Management until all outstanding rates are paid in full. The outstanding land rates debt of Kshs. 682,060,368 that was noted to belong to the Nairobi County Government is actually owned by both the County and individuals who were allocated parcels of land by Nairobi City County through allotment letters. Some of the properties are owned by the County		2. In addition, the The accounting officer should incorporate debt collection strategies in its debt management to ensure that the amount in the Nairobi Pay system should represent the actual position of land rate arrears	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
		County which may result to possible loss of public funds.	facilities like schools, hospitals, Social halls while the individual properties are county schemes allotted to individuals Appendix 4: Soft Copy of Land Rates Closing Balances 30 th June 2024.			
5. Bank Balances Variations - Due to CRF	Regulation 22(1) of the Public Finance Management (County Government) Regulations, 2015	The statement of receipts and disbursements reflects balance due for disbursement as at 30 June, 2024 of Kshs.1,461,695,056. However, the balance differs with the bank balances of Kshs.28,750,605 in respect of disbursements - due to	The statement of receipts and disbursements reflects balance due for disbursement as at 30 June, 2024 of Kshs. 1,461,695,056 this balance includes figures from hospital fees and Liquor Fees of Kshs 1,154,091,268 and Kshs 270,747,747 whose collections does not go through CRF but managed	The committee observed that there were unreconciled and unexplained bank balance variance of Kshs.1,432,944,451	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to reconcile the accounting records balances with the revenue figures in the financial statements and	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		CRF reflected in the statement of financial assets and liabilities and Note 14 resulting to an unreconciled and unexplained bank balance variance of Kshs.1,432,944,451.	separately by respective Boards.	between the statement of receipts and balances due for disbursement to CRF.	provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The County Executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submitting a report to the Office of the Auditor General.	
6. Gaps in	Regulation 63(6) of the Public	The statement of receipts and disbursements reflects	The gaps are as a result of permit applications made but no payment was done	The committee noted that	The Committee recommends that the county	within 60 days of adoption

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
Single Business Permit Application Number	Finance Management (County Government) Regulations, 2015	unified business permits amount of Kshs.2,394,575,767 as disclosed in Note 3 to the financial statements. However, analysis of the single business permit (SBP) fee records from Nairobi Pay System revealed significant gaps in the application number sequence. These gaps, relating to twenty-two thousand-three hundred and sixty-nine (22,369) unaccounted SBP application numbers with a total value of Kshs.630,275,000	and consequently no permits were issued. When an Application for UBP is paid, its Status moves from an invoice to a record in UBP register and is given a permit number. Therefore, the gaps in the permit numbers is as a result of applications that have not been paid for. Appendix 6: A list of 155,743 No. permit applications indicating those paid for with permit numbers and unpaid showing invoice numbers. (on soft copy)	the County executive had admitted that there are gaps in the application number sequence as a result of applications that have not been paid for.	executive should fully automate their revenue collection to seal the gaps in the application number sequence and submit a status report to the Auditor General, within sixty (60) days from the adoption of this report.	of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		raises concerns of potential revenue loss.				
7. Failure to Provide Ledgers	Regulation 22(1) of the Public Finance Management (County Government) Regulations, 2015	As previously reported, the statement of receipts and disbursements for the year ended 30 June, 2024 reflects comparative County total own source revenue from twelve (12) revenue streams all totaling to Kshs.10,561,592,492 whose ledgers were not provided for audit verification.	In the year under review the county collected 12.9b whose ledgers are hereby attached. Appendix 7. Ledgers indicating revenue transactions. (Soft copy)	Ledger provided; however, the ledger balance is now Kshs.11,493,614,033	1. County should expedite the process of updating and presenting their ledgers in the format prescribed by the Public Sector Accounting Standards Board and provide a status update to the OAG within 60 days of adoption of this report;	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
					2. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
Budgetary Control and Performance	Regulation 58 of the Public Finance Management (County Governments) Regulations, 2015	The County Government had budgeted to raise Kshs.19,999,322,415 from locally generated receipts for the financial year ending 30 June, 2024 as disclosed in the statement of comparison of budget versus actual amounts. However, the actual	No management response provided	The committee observed that the County had a revenue shortfall of 35% attributed to system-related downtimes, which	1) The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate; and 2) The County executive puts in place	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		amount collected was Kshs.12,963,144,592 or 65% of the projected revenue, resulting in to a shortfall of Kshs.7,036,177,823. Management attributed this shortfall to system-related downtimes, which caused frequent disruptions in the collection system and affected revenue collection efficiency. The under collection may have affected the service delivery to the public.		caused frequent disruptions in the collection system and affected revenue collection efficiency. The under collection may have affected the service delivery to the public.	measures to enhance its own generated revenue to meet its revenue target and address revenue shortfalls.	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Unresolved Prior Year Matters	Section 31(a) of the Public Audit Act, 2015 Reporting requirements as provided by PSASB	In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved.	No management response provided	The Committee noted that the Implementation matrix of the recommendations has not been shared to allow for follow up on senate recommendations and implementation of the same by Management	The Committee recommends that: The County Executive should implement the Senate recommendations in the Auditor General's report for the Financial Year 2018/2019 adopted by the Senate. the County executive complies with section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
					General and submits a report to the Auditor General within 60 days of the adoption of this report.	
1. Failure to Prepare and Submit Nairobi City County Revenue	Section 41 of the Nairobi County Revenue Administration Act, 2021 required that within one hundred and twenty days of	During the year under review, the Nairobi City County Revenue Authority Board of Governors were appointed and the approved budgetary allocation for the Authority was Kshs.550,000,000. However, the Authority did not prepare and submit separate financial	Although the Nairobi County Revenue Administration Act 2021 was enacted, and the acting Board and Interim C.E.O appointed, the secondment of staff is in the process through the County Public Service Board as per correspondences attached. Therefore, the NCRA has not been fully operationalized and	The committee observed that the NCRA has not been fully operationalized and Revenue operations are still under the	The County Governor undertakes administrative action against the responsible officer(s) who failed to Prepare and Submit Nairobi City County Revenue Authority Financial Statements for	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
Authority Financial Statements	coming into force of the Act, the County Executive Committee Member was required to wind up the County Revenue Department and transfer all its functions, operations and powers to the Authority	statements for audit. Further, discussions held with Management revealed that, whereas the Board Chairperson was appointed on 18 May, 2023, and an interim Chief Executive Officer appointed in May, 2024, revenue administration staff were yet to be seconded to the Revenue Authority. This constitutes one (1) year after the appointment of the Revenue Authority Board, casting doubt on the	Revenue operations are still under the County Revenue Department.	County Revenue Department	audit to the office of the Auditor-General 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;	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		operationalization of the Revenue Authority.				
4. Irregularities in the Revenue Collection Systems 4.1 Ownership and Control of the Nairobi	Regulation 22 (1) of the Public Finance Management (County Government) Regulations, 2015 Regulation 109 and 110 of the Public Finance Management (County Government)	On enquiry of who owns and controls the revenue management system, the County Management indicated that the system architecture is based on a Software as a Service (SaaS) model provided by Nairobi Pay. Management further explained that in this setup, Nairobi Pay hosts and manages the Nairobi Pay System, including its underlying infrastructure and security, while NCCG accesses and utilizes	The Technical Support Framework between NCC and ICT Authority has been attached showing; i. The specific terms and conditions of the service, including features, limitations and support obligations - The Technical Support Framework between NCC and ICTA provides the specific terms and conditions of service and limitations (2.1. annual technical support (ATS) scope, outlines the features (1.2. components	The committee noted that the County Executive did not provide the Complete Technical Support framework not provided. This has only been supported with a government data center-	The Committee recommends that the Office of the County Governor undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to	within 60 days of adoption of this report;

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
bi Pay System	Regulations , 2015	the system through a VPN connection. However, the SaaS agreement between Nairobi Pay and Nairobi City County Government to determine the following critical issues were not provided: i. The specific terms and conditions of the service, including features, limitations and support obligations. ii. The legal rights and obligations of both parties especially	of the current system) and provides the specific obligations of NCC under 4 roles and responsibilities (4.1. NCCG) and MICDE. (4.2. MICDE). ii. The legal rights and obligations of both parties especially in case of disputes or breaches. The legal rights and obligations of both parties are covered under the NCCG MoU with MoICDE under XIV (Dispute Resolution).	Requisition Form	the Office of the Auditor General within 60 days from the adoption of this report; and report;	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		in case of disputes or breaches. iii. Provisions on how the service provider ensures confidentiality, security measures, handles and protects personal data in ensuring compliance with Data Protection Act, 2019. iv. Intellectual property rights to clarify ownership of the intellectual property developed during the service. v. Service levels including uptime guarantees, response times and remedies for non-compliance.	iii. Provisions on how the service provider ensures confidentiality, security measures, handles and protects data in ensuring compliance with Data Protection Act, 2019. This is as provided for in the MoU (Article VIII: CONFIDENTIALITY AND DATA PROTECTION) outlining the roles of each party in handling the information and data exchanged or contained in various systems. Article VIII (5) is particular on			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
			the adherence to the Kenya Data Protection Act No. 24 of 2019. This is also provided in the technical support framework (2.1. Annual Technical Support (ATS Scope (ixi) on system security providing the roles of MICDE and NCCG in guaranteeing system security. iv. Service levels including uptime guarantees, response time and remedies for non-compliance.			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			The Technical Support Framework (5. General issues) indicates that ICTA shall provide 24/7 support for the system. Further, the TSF provides for the roles of each of the parties.			
4.2 Hosting Arrangements of the Nairobi Pay System	Regulation 109 and 110 of the Public Finance Management (County Government) Regulations, 2015	According to Nairobi City County Management, the development, test, production and disaster recovery environments were hosted by the Ministry of ICT and Digital Economy (MoI&DE). However, there was no contractual agreement between Nairobi City County Government and	HOSTING MODEL: - To understand whether it is a shared infrastructure with other business or is dedicated resources offering greater control and security. The technical support framework (2.1 Annual Technical Support (ATS) Scope (ix)) provides the details of the hosting	The committee observed that the County Executive did not provide the Complete Technical Support framework. This has only been	The Committee recommends that the Office of the County Governor undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of	within 60 days of adoption of this report

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		MoI&DE, to indicate the following critical issues: i. The hosting model to understand whether it was a shared infrastructure with other business or dedicated resources offering greater control and security. ii. Data encryption protocols and compliance with Data Protection Act, 2019 especially on data transfer. iii. Service level agreements on uptime guarantees, incident response and remedies for any breaches.	arrangements between NCC and MICDE as follows System Hosting – primary, secondary environments, backups MICDE will provide appropriate, adequate and fit for purpose hosting environment to support the operations of the system. This environment will include both primary hosting and secondary hosting (DR site). The environment will provide for production (live site for NCCG), staging (testing for NCCG and development team)	supported with a Government data center-Requisition Form	the Public Finance Management Act and provides a status report to the Office of the Auditor General within 60 days from the adoption of this report; and report;	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		iv. Scalability and performance.	and development (for the development team). Data encryption protocols and compliance with Data Protection Act, 2019 especially on data transfer. This is provided in the Technical Support Framework (2.1 Annual Technical Support (ATS) Scope (viii)) as follows; The Ministry through ICT Authority will ensure secure and convenient online payments between customer and payment channels. Management			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
			of the customer in the front-end checkout and, payment processing through the online payment system's backend. In particular, the following areas need to be supported and maintained: Encryption: Once the customer submits payment for the service on the platform, the payment gateway should encrypt data sent from the customer i.e the customer's private information and sensitive card details to guarantee			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			that the data is passed safely from the customer to the acquiring bank or any other payment channel.It is also provided for in the MoU Article VIII: CONFIDENTIALITY AND DATA PROTECTION) outlining the roles of each party in handling the information and data exchanged or contained in various systems. Article VIII (5) is particular on the adherence to the Kenya Data Protection Act No. 24 of 2019. Service level agreements on uptime guarantees,			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			incident response and remedies for any breaches The Technical Support Framework (5. General issues) indicates that ICTA shall provide 24/7 support for the system. Further, the TSF provides for the roles of each of the parties. SCALABILITY AND PERFORMANCE The technical support framework (2.1. Annual Technical Support (ATS) Scope (xiii)) identifies Facilitation of Development and implementation of other revenue supporting systems: Facilitate the county in engaging service			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
			providers using the most viable procurement process for any new identified revenue supporting systems and On boarding of emerging services as and when requested.			
4.3 Failure to Provide Configuration of all Payment Channels of the		During the three-year period, NCCE operated the following three (3) systems whose payment channels were configured to specific bank accounts;	During the said period, NCC had only two revenue systems that were integrated to bank accounts. These are;	The committee noted that the County Executive did not provide the evidence of configurations	The Committee recommends that the Office of the County Governor undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors in accordance with	within 60 days of adoption of this report
			a. Revenue sure connected to National Bank Account			
			01071225251100			
			b. Nairobi Revenue System (Nairobi Pay System) connected to Cooperative Bank Account			
			no.			

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timeline
Revenue Management Systems at the Nairobi City County		These payment channels included mobile money transfer services, VISA and commercial banks. However, evidence of system configurations of these banks in the systems was not provided to confirm which specific bank accounts received public funds. Therefore, it was not possible to determine whether the bank accounts were opened and operated as per the Public Finance Management Act, 2012 and Regulations	01141709410000 and 01141232396600 and Equity Bank Ac no. 1770279910476 and 1600284509139. The banks were instructed to configure the bank accounts to the revenue system.		section 156 of the Public Finance Management Act and provides a status report to the Office of the Auditor General within 60 days from the adoption of this report; and 2. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		thereto. Given that the contracts with Jambo Pay, Revenue Sure and Nairobi Revenue System have since expired, there was no evidence provided to support closure of all the payment channels. Further, the County engaged a contractor for developing an Enterprise Resource Planning system (ERP). However, the contract was not provided for audit review. Therefore, the audit could not confirm value for money that would accrue from the ERP system, while the				

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		County already had a separate revenue system. This was contrary to Regulation 110(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer for a County Government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.				
1. SBP Payme		Nairobi County Government fully	A close analysis of the 95 permits said to have	The committee	The Committee recommends	within 60 days of

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
nt Records Without Payment Reference Number and Date		automated the end-to-end collection of Single Business Permit (SBP) fees, including the issuance of e-permits. A substantive analysis of the SBP fee records revealed that a total of 95 permits, valued at Kshs.1,277,600 were issued as valid e-permits, however, their transaction records lacked payment reference codes (mobile money/bank codes) and the date of payment. As a result, it was not possible to verify whether the County Government	missing numbers shows that 74 transactions had reference numbers in the system and attached is the list of the transactions as per Appendix. Through the use of Permit Numbers, we were able to match 74 Permits to their Bank Reference Numbers. The remaining Permits do not have proper descriptions to enable us attach Bank Reference Numbers. The County frequently changes the Vpns to allow access to authorized officers only for control purposes. Appendix 12: List of the permits with	observed that Single Business Permit (SBP) fees transaction records lacked payment reference codes (mobile money/bank codes) and the date of payment with the result that verification of whether the County Governmen	that the Office of the County Governor undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Office of the Auditor General within 60 days from the	adoption of this report

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		received the corresponding payments before providing the services.	corresponding Bank reference codes & date of payment(softcopy).	t received the corresponding payments before providing the services was not provided.	adoption of this report; and 2. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.	
2. Inaccurate Taxpayers' Data	Section 149(2)(o) of the Public Finance Management Act, 2012	The County Government of Nairobi's land rates records within the Nairobi Pay System were found to be incomplete, making it challenging to identify and contact delinquent taxpayers.	The County Government of Nairobi embarked on a data cleansing exercise to ensure accurate, completeness and validity of our customers' data in our information systems. The exercise is still on going and owing to the multiplicity of revenue	The committee notes that the County Executive has submitted that the exercise of data	The Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to	within 60 days of adoption of this report

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		Further, the outstanding land rates records had the following key information missing: i. 129 records totalling Kshs.370,828,658 had missing debtor names. ii. 57 records valued at Kshs.365,472,593 had missing parcel numbers. iii. 123 records amounting to Kshs.370,588,269 had missing system-generated customer numbers. Further, there was no evidence to indicate that the records had	streams in the County a Committee appointed to spearhead the exercise started with Land Rates and thereafter shall move to the other streams. The Team has made major strides and all identified gaps, and issues are being addressed as per copies of minutes of meetings attached. Appendix 13 Report on Data Cleansing Committee Activities	cleansing has been ongoing since the last financial year 2022/2023. A report on the current status and updates have been provided regarding the exercise.	undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report	

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		been validated and updated.				
4. Operation with an Outdated ICT Security Policy		The Nairobi City County Government provided an Information and Communication Technology Security Policy for the City Council of Nairobi (March 2009), which was operational during the three (3) financial years. Given that the County operates Nairobi Pay System on a Software as a Service (SaaS) as per the management's explanation, the emerging security requirements of a SaaS	NCCG has an updated ICT policy Act 2024 that was approved by the county Cabinet and presented to the Nairobi City County Assembly. The draft policy is attached. Appendix 15: Copy of I.C.T policy at the Assembly.	The committee notes that the draft policy has been provided. However, Management has not explained when it plans to have it approved.	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 the Auditor General. 2) The Auditor General to closely monitor the development, documentation and communication of	within 60 days of adoption of this report

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
		model have not been adequately addressed in the outdated policy.			these policies within the county entity in the subsequent audit cycles.	
5. Ineffective Systems of Collection of Rent Arrears	Regulation 63 of the Public Finance Management (County Government) Regulations, 2015	The statement of arrears of revenue reflects uncollected house rent and market stalls arrears amounting to Kshs.723,780,207. Therefore, the County Government incurs an opportunity cost arising from forgone investment opportunities from tying their cash as arrears.	The County provides subsidized Houses and Market Stalls for low-income residents of Nairobi to uplift lives and livelihoods. Efforts are being made to collect the outstanding arrears of Kshs723,780,207 by Bulk Messaging to Tenants, making phone calls to defaulters, sending Demand notices and eviction notices to tenants, in addition the Nairobi County has a debt collection unit that follows	The committee noted that the issue is not addressed since the rent arrears have been accumulating over the years.	The Office of the Governor to ensure that: (1) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies;	within 60 days of adoption of this report

Audit issue	Criteria	Key issue	Management Response	Committee Observations	Committee Recommendations	Timelines
			up all debts that are difficult to collect through normal compliance efforts by respective revenue streams. Details of such debts are communicated to the D.C.U. who serve 7days notices to defaulters and take appropriate action thereafter, in accordance with the law. Other efforts include calling defaulters and media advertisements reminding defaulters to pay. Appendix 16(a) ,(b) and (c) Copies of demand notices		(2) adequate measures, including legal action where appropriate, are taken to obtain payment;	

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

Basis For Qualified Opinion

No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations
1.	Undisclosed Decrease in Retention Money	The cash flow statement reflects a Nil balance in respect of changes in deposits and retentions. However, Note 18 to the financial statements reflects a decrease of Kshs.104,985,718 resulting to a variance of same amount	The movement of cash in this account was mainly captured in the statement of cash flows under investing activities since it related to the acquisition of assets. In our view adjusting the decrease in deposits and retentions amount	The statement of cash flows reflects Nil balance in respect of increase/(decrease) in deposits and retentions. However, Note 18 to the financial statements reflects a decrease in deposits and retentions amount of Kshs.104,985,718 resulting to a variance of Kshs.104,985,718 not	The Committee recommended that the management take administrative actions against the officers who failed to comply with Regulation 63 (4) of the Public Finance Management (County Governments) Regulations 2015, in the management of retentions account, and submit a status report to the

			of Kshs.104,985,718 under operating meant double accounting. A schedule of the movement of cash has since been provided to the Auditors for verification.	disclosed in the statement of cash flows.	auditors, within 60 days of adoption of this report.
2.	Inaccuracies in the Compensation of Employees	The statement of receipts and payments reflects compensation of employees amount of Kshs.6,447,452,070 as disclosed in Note 3 to the financial statements. Review of the supporting ledgers revealed that some of the expenditure components had variances	We agree with the Audit finding that the statement of receipts and payments reflects compensation of employees amount of Kshs. 6,447,452,070 as disclosed in Note 3 of the financial statements. The supporting ledgers as analyzed by the	The Committee observed a variance of Kshs.6,447,452,070 in compensation of in Note 3	The Committee recommends that; 3. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor

			auditor which is hereby attached shows compensation of employees as Kshs. 6,289,067,854.47 the auditor has omitted Kshs. 5,533,346,41 and Kshs. 152,850,962.70 being payment in respect of employees' death gratuity and debt resolution to LAPTRUST respectively. Evidence of which is hereby provided under Appendix 2.1. Hon. Chair, we wish to state that there is no		General within sixty (60) days from the adoption of this report; 4. 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 adoption of this report; 5. 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
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			variance between the amount in financial statement and the amount indicated in the ledger.		the prescribed timelines.
3.1	Unsupported Expenditure on Domestic Travel and Subsistence	Training expenses of Kshs.19,566,952 were not supported by a comprehensive training needs assessment	We agree with the Auditor's finding that Kshs.19,566,952 in relation to trainings was not supported by a comprehensive training needs assessment. The nomination of officers for trainings was being undertaken by the Departmental Human Resources Management	Kshs.19,566,952 in relation to trainings was not supported by a comprehensive training needs assessment.	The Committee recommends that; 1. the County Executive of Nakuru should ensure strict controls for training expenditures by implementing mandatory training needs assessments before approving any programs and standardized procedures that align with the Public Service Human Resource Manual, including pre-expenditure

			Advisory Committees based on individual requests.		verification of training justifications and post-training evaluation reports; and 2. the County Executive of Nakuru should ensure that all future training budgets must be supported by documented needs assessments and approved workplans, with the Human Resource department maintaining centralized records of staff development projections and actual participation and provide a status
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					report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
3. 2	Unsupported Training Expenses	Training expenses of Kshs.93,316,938 were not based on a training policy, training needs assessment plan, departmental skills inventory records and course approvals.	We agree with the Auditor's finding that the training expenses were not based on a training policy, training needs assessment plan, departmental skills inventory records and course approvals. However, the nomination of officers for trainings was being undertaken by the Departmental Human Resources	Training expenses were not based on a training policy, training needs assessment plan, departmental skills inventory records and course approvals.	The Committee recommends that; 1. the County Executive of Nakuru should ensure strict controls for training expenditures by implementing mandatory training needs assessments before approving any programs and standardized procedures that align with the Public Service Human Resource Manual, including pre-expenditure

			Management Advisory Committees based on individual requests.		verification of training justifications and post-training evaluation reports; and 2. the County Executive of Nakuru should ensure that all future training budgets must be supported by documented needs assessments and approved workplans, with the Human Resource department maintaining centralized records of staff development projections and actual participation and provide a status
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					report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
4. 4. 1	Misclassification of Expenditure Misclassification of Foreign Travel and Subsistence Expenditure	Expenditure of Kshs.5,885,363 in relation to domestic travel and subsistence was wrongly classified under foreign travel	We are in agreement with the auditor's findings. We have since instructed our accountants to be keen when posting expenditures to the ledgers. We have since instituted measures to ensure proper posting of expenditures to the ledgers. We apologize for the mis posting of the domestic travel to	The County failed to provide documentation at the time of audit. Expenditure of Kshs.5,885,363 in relation to domestic travel and subsistence was wrongly classified under foreign travel	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the

			foreign travel ledgers.		adoption of this report; 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 within 60 days of adoption of this report; 3. 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.
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4. 2	Misclassification of Routine Maintenance-Other Assets Expenditure	Payments amounting to Kshs.15,967,213 which were not related to repairs and maintenance were irregularly included as such.	We are in agreement with the auditor's findings that Kshs. 6,513,298.55 was treated as routine maintenance whereas they were not related to repairs and maintenance and the balance of Ksh.9,453,914 was rightfully charged. We have since instituted measures to ensure proper posting of expenditures to the ledgers. We apologize for the mis posting.	Payments amounting to Kshs.15,967,213 which were not related to repairs and maintenance were irregularly included as such.	The Committee recommends that; 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. Office of the County Governor undertakes administrative action against the accounting officer and any other
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					officer(s) responsible for failure to undertake accurate reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; and 3. 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.
4.3	Misclassification on Purchase of Office Furniture and General	Kshs.25,771,536 was spent on items not related to purchase of furniture	We take note of the auditor's and wish to respond that Ksh.24,586,535.90 out of	Kshs.25,771,536 was spent on items not related to purchase of furniture.	The Committee recommends that; 1. The Office of the County Governor undertakes administrative

	Equipment Expenses		Kshs.25,771,536 was rightfully charged. We apologize that one transaction amounting to Ksh.1,185,000.00 was wrongly classified. We have since instituted measures to ensure proper posting of expenditures to the ledgers.		action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. 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
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					financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; and 3. 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.
5.	Unconfirmed Cash and Bank Balances	Unexplained variance of Kshs.339,508,665 between financial statements and cashbook balances	We are in agreement with the Auditor's finding that there was unexplained	Unexplained variance of Kshs.339,508,665 between financial statements and cashbook balances	The Committee recommends that; 1. The Office of the County Governor undertakes

		Bank charges of Kshs.19,390 were not recorded in the cashbook Five (5) stale cheques amounting to Kshs.1,125,461 had not been reversed in the cashbook	variance of Kshs.339,508,665 result of the amounts disclosed in the statement of financial position and the amounts in the cashbooks vouched by the Auditor. The variance of Kshs.339,508,665 was as result of extension of our operations up to 2nd August 2024 whereas cashbooks considered for audit were up to 30	Bank charges of Kshs.19,390 were not recorded in the cashbook Five (5) stale cheques amounting to Kshs.1,125,461 had not been reversed in the cashbook	administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. Office of the County Governor undertakes administrative action against the accounting officer and any other officer(s) responsible for failure to undertake accurate
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					reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of adoption of this report; and 3. 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.
6.	Inaccuracies in the Summary of Non-Current	The asset registers and the non-current assets register summary at Annex 6 to the financial statements revealed a	Hon Chair we agree with the Auditors' observation and	Annex 6 to the financial statements revealed a total variance of	The Committee recommends that; 1. The Office of the County Governor

	Assets Register	total variance of Kshs.4,880,176,340 in respect of fixed assets ii. The additions amount of Kshs.2,829,148,933 during the year includes ICT equipment balance of Kshs.67,202,985 that was not reflected in Note 9 to the financial statements on acquisition of assets. iii. Review of the land register provided for audit revealed that 490 parcels of land did not have any historical value indicated against them iv. Asset registers were not updated as required.	we wish to state and clarify as follows; That the variance of Motor vehicles and land of Kshs.60,267,635 and Kshs. 4,820,995,189 respectively was as a result valuation of assets inherited from the Defunct local Authorities and Devolved functions which had earlier on been included in the register without any value.	Kshs.4,880,176,340 in respect of fixed assets. Review of the land register provided for audit revealed that 490 parcels of land did not have any historical value indicated against them Asset registers were not updated as required	undertakes administrative actions against the responsible officer(s) who failed to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Office of the Auditor General within 60 days from the adoption of this report; 2. 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;
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					3. 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 4. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.
1.0	Closure of Nakuru War Memorial Hospital	Nakuru War Memorial Hospital sits on plot No. Nakuru Municipality Block 11/107 that measures approximately 11.25 Hectares and hosts Nakuru Provincial General Hospital Annex and State House landing field/helipad.	We agree with the auditor's finding that Nakuru War Memorial Hospital has remained closed and idle since the expiry of the lease	The land was leased to War Memorial Hospital for lease of ninety-nine years from 1 May, 1922 which has since expired. The hospital has remained closed to date	The Committee recommends that; 1. The County Government of Nakuru, in collaboration with the National Lands Commission and other relevant

		The land was leased to War Memorial Hospital for lease of ninety-nine years from 1 May, 1922 which has since expired. The hospital has remained closed to date due to ownership wrangles.	due to ownership wrangles between the County Government of Nakuru and the previous lessee.	due to ownership wrangles	stakeholders, should urgently expedite the resolution of the ownership dispute surrounding Nakuru War Memorial Hospital to facilitate its reopening and operationalization for public use given the hospital's strategic location and the critical need for healthcare services; 2. the Management of the Nakuru County Executive should put in place a multi-agency task force with clear timelines to conduct a rapid assessment of the
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					hospital's infrastructure to determine renovation needs and allocate budgetary resources for its swift rehabilitation to ensure the hospital is operational within the shortest time possible, thereby expanding access to healthcare services for Nakuru residents and provide a status update to the Office of the Auditor General and the Senate within 60 days of adoption of this report.
2.0	Budgetary Control and Performance	The budget was under-funded by Kshs.6,947,956,209 or 30% of the budget.	We take note of the audit findings,	The County Executive spent an amount of	The Committee recommends that:

		County Executive spent Kshs.15,661,259,832 against an approved budget of Kshs.23,310,531,513, resulting in an under-performance of Kshs.7,649,271,681 or 33% of the budget.	however, we wish to respond that the sum of Kshs.6,947,956,209 was not an underfunding but the difference between the final budget and transfers from the CRF which includes fiscal balances carried forward, FIF utilized at source and unrealized donor funds and OSR.	Kshs.15,661,259,832 against actual receipts of Kshs.16,362,575,304, resulting in an under-performance of Kshs.701,315,472 or 4% of the receipts	5. 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 6. The County executive puts in place measures to enhance its own generated Revenue in order to meet its revenue target and address revenue shortfalls.
3	Authenticity of Pending Bills	The Executive has pending bills amounting to Kshs.1,478,761,394	We are in agreement with the Audit findings.	The Executive has pending bills amounting to Kshs.1,478,761,394	The Committee recommends that; 7. Pursuant to the provisions of

	consisting of balances of; 1. payables of Kshs.1,441,352,540, 2. staff payable of Kshs.28,535,088 and 3. other payables of Kshs.8,873,766 Included in the pending accounts payable for the year are bills relating to 2022/2023 and prior years with some dating as way back as 2011/2012 financial year and which have remained outstanding since then.	The Old pending bills inherited from the defunct local authorities have remained outstanding due to unavailability of sufficient documents to support payment.	consisting of balances of; 1. payables of Kshs.1,441,352,540, 2. staff payable of Kshs.28,535,088 and 3. other payables of Kshs.8,873,766	Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done. 8. The Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when
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					approving exchequer releases. 9. 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. 10. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re- allocations out of the approved budget estimates. 11. County governments, in consultation with the Controller of
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					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 12. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.
1	Unresolved Prior Year Matters	In the audit report of the previous year, several issues raised under the report on financial statements, Report on Lawfulness and Effectiveness in Use of	We agree with the auditors' findings that some of the prior year audit issues raised have not been resolved	Management had not resolved these issues as at 30 June, 2024 and no satisfactory reasons were provided for failure to resolve them.	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

		Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance.	and that no explanation was provided for this unsatisfactory situation. Efforts have made to address these prior years matters and we shall continue addressing them as guided by the Senate County Public Accounts Committee.		Auditor General and submits a report to the Auditor General within 60 days of the adopting this report.
1	Project Implementation	Review of project implementation status revealed that out of the one thousand, seven hundred and twenty-one (1,721) projects featured in the report; Seventeen (17) projects with a total contract cost of Kshs.66,297,783. were incomplete and at	We are in agreement with the findings of the auditor that projects amounting to Kshs. 66,297,783 had extended beyond the expected date of completion as at	During the year under review, the county had one thousand, seven hundred and twenty-one (1,721) projects. Seventeen (17) projects with a total contract cost of Kshs.66,297,783.50 were incomplete	The Committee recommends that; 4. The County Executive establishes a project management and monitoring System to help in proper project conceptualization, planning,

		different stages of execution.	the end of the financial year. Fifteen projects out of the seventeen have since been competed as per appendix 1.1 and remaining two are still ongoing.	Twenty-six (26) projects with a total contract price of Kshs.56,189,717 had stalled Kshs.95,521,099 meant for twenty-one (21) projects during the financial year 2023/2024 were reallocated to other budget items Five hundred and sixty-five (565) projects started in several accounting years with a total contract price of Kshs.7,497,850,588 were still ongoing and at different levels of execution	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. 5. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of
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					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.
2.0	Payment of Court Decrees	Review of records provided indicate that several legal cases filed in court against the County Executive were decreed in the interest of the claimants and amounted to Kshs.154,906,998 out of which Kshs.66,472,548 has been paid leaving a balance of Kshs.88,434,450. Further, the County Executive has not disclosed the contingent liability of potential court awards in the	The amount of Kshs 154,906,998/= was in favor of decretal amounts awarded to 3rd party advocates engaged by private entities to secure claims against the County Government of Nakuru by various courts. However, the county paid Kshs.66,472,548	Several legal cases filed in court against the County Executive were decreed in the interest of the claimants and amounted to Kshs.154,906,998 out of which Kshs.66,472,548 has been paid leaving a balance of Kshs.88,434,450.	-The Committee recommends that; 1. 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

		financial statements over the years	as decretal amount as per the available budget provision.		subsequent quarter budget releases will not be done; 2. 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 3. 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 adoption of this report.
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3.0	Unsupported Legal Fees	Review of records provided indicate that the County Executive made payments of Kshs.22,643,700 in respect of legal fees to six (6) law firms. Further, documentation on how the law firms were identified, signed service level agreements, certificates of appointment, evidence of court attendance, fee notes and monthly performance reports from each law firm in respect of each case were not provided for audit verification.	The law firms were duly prequalified and listed in the Panel of Law Firms under Framework FY 2023/2024 by the County Government through a competitive process.	County Executive made payments of Kshs.22,643,700 in respect of legal fees to six (6) law firms Documentation were not provided - how the law firms were identified, signed service level agreements, certificates of appointment, evidence of court attendance, fee notes and monthly performance reports from each law firm in respect of each case County Executive did not utilize the County Attorney in violation of Section 16(1) of the Office of the County Attorney Act, 2020	-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. Pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015,
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					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 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 4. The County Executive utilizes the Office of the County Attorney to provide legal advice and court representation. The county should provide
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					evidence of compliance with the County Attorneys Act within 60 days of adoption of this report.
4.0	Delay in the Construction of Treasury Headquarters	The contract period for the project lapsed on 1 December, 2022 and was renewed up to 04 October, 2024 through letter Ref No;NKR.C/COF/Treasury Building/Vol.II (117) of 23 June, 2023. The extension that was the final one has also lapsed. Further, the Architects were paid an amount of Kshs.54,189,963 for structural and architectural plan (des	Hon Chair, we agree with auditors finding that there was lapse of contract of treasury building up to 4 October 2024. However the same was renewed up to 25 May 2025 as per the attached application letter dated 11th September 2024, minutes dated 7 October 2024 and approval letter for extension of contract period	The contract period for the project lapsed on 1 December, 2022 Architects were paid an amount of Kshs.54,189,963 for structural and architectural plan & consultancy. However, the designs had not been approved by National Construction Authority and the Physical Planning Department	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

			dated 9 October 2024.		(County Government) Regulations, 2015 within 60 Days from the date of adoption of this report. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report. 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.
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5.0	Voided Transactions	Review of the system payments indicated that 570 transactions of Kshs.308,061,121 were voided during the financial year 2023/2024	Hon. Chair, we are in agreement with the findings of the Auditor that 570 transactions amounting to Kshs.308,061,121 were voided during the financial year 2023/2024 The reasons as to why these transactions were voided include wrong vote used, dormant bank accounts, wrong bank accounts, wrong KRA PIN numbers and where the name of the company has special	Payments revealed that five hundred and seventy (570) transactions amounting to Kshs.308,061,121 were voided during the financial year 2023/2024 Management did not provide the supporting approvals and justification for the voided transactions amounting to Kshs.308,061,121	The Committee recommends that; 13. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report; 14. 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; 15. Within six months of adoption of this report
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			characters as indicated in		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 16. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.
6.0	Acquisition of Land by the Department of Lands	i. The Department acquired 4.17 acres of land for an amount of Kshs.6,490,000 out of which an amount of Kshs.4,490,000 was paid during the year under review for construction of an ECD Centre at Mbombo in Elementaita Ward Gilgil Sub County. However, evidence of	We are in agreement with the auditors finding. We wish to state that the said parcel of land was purchased from Nakuru Mutukanio Farmers Co. LTD. A search from the cooperative's records	The Department purchased four (4) parcels of land during the year under review for different projects within the county.	The Committee recommends that; 9. the County Executive Management urgently expedites its engagement with the Ministry of Lands to process and secure the title deeds for the land acquired by the Department of Lands;

		official search and consent from the Lands Control Board was not provided for audit. Further, partial payment amounting to Kshs.4,490,000 was done on 28 June, 2024 even though the sale agreement was executed on 3 February, 2021. it was not clear why the payment was done several years after the sale agreement was signed. ii. The Department acquired 0.43 Ha of land for Kshs.2,000,000 for road opening in Githengera St.John Community Gilgil. However, as at the time of audit there was no evidence that consent to sell had been granted by the land control board and search	confirmed its rightful ownership. Appendix 6.1		10.the County Executive should establish a systematic process to ensure that all future land acquisitions are accompanied by proper legal documentation at the time of purchase to avoid similar issues and uphold transparency and accountability in asset management; 11.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
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		documents were incomplete. Transfer of interest in land was not fully executed. iii. The Department acquired two pieces of land for an amount of Kshs.2,000,000 each for St.John water. However, as at the time of audit there was no evidence that consent to sell had been granted by the land control board and search documents were incomplete. Transfers of interest in land were not fully executed. iv. The Department acquired land in Elburgon Township at an amount of Kshs.5,000,000 out of which Kshs.1,000,000 was paid during the financial year under review, for			accounting and provide a status update to the OAG within 60 days of adoption of this report; and 12. The County Executive 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 General within 90 days of the adoption of this Report.
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		construction of Kasarani Health Centre in Elburgon Ward. However, as at the time of audit there was no evidence that consent to sell had been granted by the land control board. Further, transfer of interest of land or proof of transfer of ownership were not provided for audit even though full payment had been made			
7.0	Project Verification - Department of Water and Irrigation	The Department of Water and Irrigation awarded tenders to various contractors to supply pipes and fittings and drill boreholes totaling Kshs.84,457,359. Physical verification of projects revealed that project sign posts were	We take note of the auditor's finding and wish to respond on individual project as per Appendix 7.0	Physical inspection of projects revealed that project sign posts were missing, pipe marks where the pipes were laid were not installed and there was no water connections and distributions at the piping ends	The Committee recommends that; 1. The County Executive establishes a project management and monitoring System to help in proper project conceptualization,

		missing, pipe marks where the pipes were laid were not installed and there was no water connections and distributions at the piping ends. Hence the objective of providing water to the residents was not achieved.			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 completion and provide a status update to the Auditor General
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					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.
8.0	Implementation of Contracts – Department of Youth, Gender, Sports and Social Services	The Department of Youth, Gender, Sports and Social Services undertook procurement for various works with a total contract amount of Kshs.21,331,241. An audit verification of the projects revealed in some instances there were no completion certificates, inspection and acceptance committee reports, approved project extensions, signage and on some occasions the	Hon Chair, we agree with the auditors' findings, and we would wish to respond to each of these as per the Appendix 8.0	Projects paid full amount without practical certificate of completion and handover certificates, projects extended beyond contract period with no approval, incomplete projects that had the contract sums fully paid with no ownership documents and one project with significant time lapse between issuance	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

		projects were incomplete		of the Local Purchase Order and signing of the contract agreement	Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report. 3. The OAG to keep the matter in view and provide a status update to the
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					Committee in the subsequent audit cycle.
9.1	Menengai and Kiamaina Water Project	A contractor was contracted for the purchase and supply water pipes through at a contract sum of Kshs.5,703,650 to Menengai and Kiamaina water projects. However, the records provided for audit did not include delivery notes, counter receipt vouchers, inspection and acceptance committee report and distribution of items to the two sites.	We agree with the auditor's finding that project records were not provided during the time of audit. This is highly regretted. The documents have since been provided to the auditors for verification. Appendix 9.1.1	County did not provide the following documents delivery notes, counter receipt vouchers, inspection and acceptance committee report and distribution of items to the two sites Physical inspection carried out on 02 October, 2024 revealed that the supplies were issued to the community for implementation of the project without any accountability mechanism being put in place by the Accounting Officer.	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. 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; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.
9. 2	Rapland Water Project	Unsupported supply of materials worth Kshs.9,570,162 to	We agree with the auditor's findings and wish to	Physical inspection carried out on 02 October, 2024 revealed	The Committee recommends that;

		Naivasha Water and Sanitation Co. Ltd	respond as follows: - Naivasha water company being an agent of county government of Nakuru was issued with the pipes and an agreement to undertake laying of main distribution lines and last mile connectivity for Rapland community.	that the supplies were delivered to Naivasha Water and Sanitation Co. Ltd. for implementation of the project without any accountability mechanism being put in place by the Accounting Officer Goods delivered at Naivasha Water and Sanitation Co. Ltd. were not supported by counter receipt vouchers and stores records	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. 2. The Office of the County Governor
10	Lack of Feasibility Study for the Construction of County Aggregation	The contract for the construction of Nakuru County Aggregation and Industrial Park was awarded in the financial year 2023/2024 with a contract sum of	We are agreeing with the Auditor's observation that the feasibility study reports were not	It was not clear how the location of the industrial park was identified because feasibility study reports were not provided for	

	and Industrial Park (CAIP)	Kshs.464,221,150 and was equally funded by the County Government of Nakuru and the National Government. Land ownership documents and evidence of feasibility study were not provided for audit	provided during the time of audit. This is highly regretted. The feasibility study was conducted by the Ministry of Industrialization, Trade and Enterprise Development as part of the prefeasibility studies done for Naivasha.	audit. Further, it was also not possible to confirm ownership of the piece of land as ownership documents were not provided for audit.	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; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.
11	Ineffective and Uneconomical Use of Completed Projects – Department of Health	Four projects under the department of health though complete were not in use.	We agree with the auditors' findings and we would wish to respond to each of these as per the Appendix 11.0	Department of Health carried out on 08 October, 2024 revealed that four (4) projects totalling Kshs.30,217,614 were complete and certificates of practical completion issued.	

				Projects were not in use due to non-equipping in three (3) of the facilities and non-installation of generators in one of the facilities	
12	Irregular Procurement of Drugs and Medical Supplies	Department of Health procured medical drugs worth Kshs.114,697,212, out of which an amount of Kshs.51,609,662 was procured from other various suppliers leaving a balance of Kshs.63,087,550 that was rightfully procured from Kenya Medical Supplies Authority (KEMSA) contrary to Section 4(1)(c) and (e) of the Kenya Medical	We agree with the auditor's findings and wish to state that the department of health procures drugs and other essential health products from KEMSA on a first call so that we benefit from the cost advantage in purchasing economies of scale and benefitting in the optimum	The County Government procured medical drugs from unauthorized suppliers contrary to Section 4(1)(c) and (e) of the Kenya Medical Supplies Authority Act, 2013	The Committee recommends that; 1. The County Government ceases procuring medical drugs from unauthorized suppliers and fully comply with Section 4(1)(c) and (e) of the Kenya Medical Supplies Authority Act, 2013 by channeling all medical procurements through KEMSA to ensure quality, cost-effectiveness,

		Supplies Authority Act, 2013	combination of cost and quality for value of money. However, upon making orders to KEMSA, there are times when some essential commodities are out of stock and we receive the list of non-supplies from KEMSA. Based on the non-supply list we are now able to make orders from contracted suppliers.		and legal compliance; 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.
13	Proposed Construction of Outpatient	Contract sum was Kshs.150,095,777 and amount paid as at 30 th	Hon. Chair, we agree with the auditor's	The contract period was not specified in the contract agreement.	The Committee recommends that;

	Block at Molo Level 4 Hospital	June, 2024 was Kshs.138,008,038. Audit inspection of the project on 08 October, 2024 revealed that certificates was not supported by way of; i. Inspection and acceptance reports on the work done as per the certificates. ii. Joint measurement of works to quantify the works done and there was no extension of duration for completion. The project was incomplete and workmanship was poor	findings. The Management wishes to respond that the works paid had certificates of inspection and acceptance to support the payments	The total amount paid to the contractor as at 30 June, 2024 was Kshs.120,121,170.	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. 2. The Office of the County Governor to prioritise
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					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; and 3. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.
15	Irregular Payment of Salaries Outside the Integrated Payroll and Personnel Database (IPPD)	Review of the Integrated Personnel Payroll Database (IPPD) payroll for June, 2024 revealed that salaries amounting to Kshs.1,067,250 made to thirteen (13) officers outside the IPPD system	Hon, chair we agree with findings of the auditor that as a County we have not achieved the five percent statutory requirement of the People Living	Review of the Integrated Payroll and Personnel Database (IPPD) payroll for June, 2024 revealed that salaries amounting to Kshs.1,067,250 made to thirteen (13) officers outside the IPPD system.	3. The Senate notes that the process of issuance of Personal File numbers is inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors

			With Disability in the workforce, we are however, progressively working towards achievement of this through affirmative actions.	The county violated Treasury Circular No.13/2019 of 28 August, 2019	(CoG) to prescribe and design an efficient human resource management system to be used by counties; 4. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report; 5. 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
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					governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county human resources; and the Auditor General to monitor the matter in the subsequent audit cycle.
16	Non-Compliance with Law on Recruitment of Staff Living with Disabilities	Review of the Human Resource Integrated Payroll and Personnel Database (IPPD) Compliment data as at 30 June, 2024 revealed that out of the five thousand, three hundred and sixty-five (5,365) employees, eighty-five (85) were public officers living with disability or 2% of the total staff instead of the recommended 5%	Hon, chair we agree with findings of the auditor that as a County we have not achieved the five percent statutory requirement of the People Living with Disability in the workforce, we are however, progressively working towards achievement of	Out of the five thousand, three hundred and sixty-five (5,365) employees, eighty-five (85) were public officers living with disability or 2% of the total staff. This was contrary to Article 54 (2) of the Constitution of Kenya and Section B.23 (1) and (2) of the Human Resource Policies and Procedures Manual for the Public Service, May, 2016	The Committee recommends that- 3. 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

			this through affirmative actions.		positions in employment in the public and private sectors for persons with disabilities. 4. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with Section 13 of the Persons with Disabilities Act, 2013.
17	Irregular Engagement of Casuals	Casuals engaged beyond 3 months and without approval of County Public Service Board (CPSB). Payments were not also made through IPPD	Hon, Chair we take note of the findings of the auditor and we wish to respond that the approvals by the County Public service Board have since been availed to	Review of the Integrated Financial Management Information System (IFMIS) payment details for the year under review revealed payments amounting to Kshs.2,151,819 paid to twenty (20) casuals for a period	1. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report;

			the auditors for verification. Appendix 17.1	exceeding three months during the year under review. Departments within the County Executive maintained casuals without the required approvals from the County Public Service Board (CPSB). The County violated Section 37(1)(b) of the Employment Act, 2007	2. 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 positions and a platform for management of county human resources; and 3. the Auditor General to monitor the matter in the subsequent audit cycle.
18	Non-Compliance with Law on	Review of the human resource Integrated Payroll and Personnel Database (IPPD)	Hon. Chair, we are in agreement with the findings of the auditor and	48% of the employees were from the dominant community and 73%	5. The county executive should work progressively towards attaining the

	Ethnic Composition	Compliment data as at 30 June, 2024 revealed that the County Executive had Five thousand, three hundred and sixty-five (5,365) employees out of which two thousand, five hundred and forty-nine (2,549) or 48% were from dominant ethnic community in the County. Further it was observed that three thousand, nine hundred and seventeen (3,917) staff or 73% of the work force were from the two dominant communities in the County. This was contrary to the provisions of Section 7(1) and (2) of the National	we wish to respond as follows. In undertaking the recruitment and selection exercise, the Board takes into consideration the constitutional requirements as outlined in Articles 54 (2), 55 (c), 232 (1) g, h, I of the Constitution of Kenya, 2010 and Section 65 (1) b, c, e 64(1), and 65 (2) of the County Governments Act, 2012 amended 2020. Section 65 (1) e, of the CGA Acts states;	were from the two dominant communities.	requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity; and 6. The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.
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		Cohesion and Integration Act, 2008. In the circumstances, Management was in breach of the law.			
19	Payroll Deductions in Excess of Two-thirds of Basic Pay	Review of the Integrated Payroll and Personnel Data base (IPPD) payroll revealed that a total of one thousand, one hundred and eighty (1,180) officers earned net pay lower than a third of their basic salary during various months in the financial year. Further, it was observed that fifteen (15) officers continuously had deductions in excess of two-thirds of their basic pay for the entire financial period. This was contrary	Hon Chair, we agree with the findings of the auditor that one thousand, one hundred and eighty (1,180) officers earned net pay lower than a third of their basic salary during various months in the financial year. On this matter we wish to respond that deductions of more than two-thirds of the basic pay were occasioned by	Review of the Integrated Personnel Payroll Data (IPPD) payroll reveals a total of one thousand, one hundred and eighty (1,180) officers earned net pay lower than a third of their basic salary during various months in the financial year.	The Committee 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.

		to Section 19(3) of the Employment Act, 2007. In the circumstances, Management was in breach of the law.	several factors as enumerated		
20	Irregular Operation of Accounts in Commercial Banks	Review of cash and bank records revealed that the County Executive operated fifteen (15) accounts with commercial banks instead of the Central Bank of Kenya. This was contrary to Regulation 82(1)(b) of the Public Finance Management (County Governments) Regulations, 2015	Hon. Chair we agree that the County Government operates more than fifteen (15) accounts with commercial banks instead of the Central Bank of Kenya. The number of commercial bank accounts are 343.	Review of cash and bank records revealed that the County Government operated fifteen (15) accounts with commercial banks instead of the Central Bank of Kenya contrary to the Law	The Committee recommends that the; 1. County Executive closes all unauthorized commercial bank accounts and transfer the funds to the Central Bank of Kenya accounts, retaining only the approved imprest accounts for petty cash and provide a status update to the Office of the Auditor General within 60 days of adoption of this report; 2. The County Executive to

					implement stricter internal controls and identify training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of adoption of this report.
21	Retention of Employees Beyond the Mandatory Retirement Age	Review of the Integrated Personnel Payroll Data (IPPD) payroll revealed that seventy-seven (77) officers who drew salaries totaling to Kshs.36,165,612 during the financial year under review who were still in service despite attaining the mandatory	We have noted the findings of the auditor on the retention of seventy-seven (77) officers despite them attaining a mandatory retirement age of sixty (60) years.	Review of the Integrated Payroll and Personnel Data base (IPPD) revealed that seventy-seven (77) officers who drew salaries totalling Kshs.36,165,612 during the financial year under review were still in	The Committee recommends that the County Executive strictly adheres to section 80(1) of the Public Service Commission Act, 2017, and Section D.21 of the Public Service Commission Human Resource Policies and Procedure Manual, 2016 by ensuring that all

		retirement age of sixty (60) years.	We wish to respond that seventy-five (75) officers retired and were deleted from the payroll, two (2) are staff on contract (political appointees	service despite attaining the mandatory retirement age of sixty (60) years.	officers retire at the mandatory age of 60 years (65 for persons with disabilities) and prohibiting extensions beyond this age unless under exceptional government-prescribed circumstances and provide a status update to the Office of the Auditor General within sixty (60) days.
22	Assets Without Ownership Documents	996 parcels of land owned by the County Executive did not have ownership documents. In addition, the original map of Njoro Central DEB Primary School indicated the school was originally occupying 1.75ha of land or approximately 4.32 acres. Currently the school sits on 1.35 acres	Hon Chair, the management takes note of the audit findings and observation. We wish to state that the vehicles purchased by the County Executive, (175) have logbooks in name of the County	The County did not have ownership documents inform of title deeds for nine hundred and ninety-six (996) parcels of land of undetermined value and indicated to be owned by the County Executive.	The Committee recommends that; 1. the County Executive Management urgently expedites its engagement with the Ministry of Lands to process and secure the title deeds for the land owned by the County; 2. the County Executive should

		as per the allotment letter dated 10 June, 1997	Government of Nakuru and the balance of 270 vehicles in the name the Defunct Local Authorities National Government. One hundred and fifty (150) parcels of land have either title deeds or allotment letters of lease certificates.	Motor vehicles register revealed that the register failed to indicate whether the entity had logbooks for the four hundred and forty-five (445) motor vehicles it held. Original map of Njoro Central DEB Primary School indicated the school was originally occupying 1.75ha of land or approximately 4.32 acres. Currently the school sits on 1.35 acres as per the allotment letter dated 10 June, 1997. Illegal settlers have encroached on a section of the school which	establish a systematic process to ensure that all future land acquisitions are accompanied by proper legal documentation at the time of purchase to avoid similar issues and uphold transparency and accountability in asset management; 3. 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
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				has jeopardized the existence of the School resulting to lack of a playing ground and future development space.	update to the OAG within 60 days of adoption of this report; and 4. The County Executive 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 General within 90 days of the adoption of this Report; and 5. The Ethics and Anti-Corruption Commission (EACC) should investigate the illegal encroachment and
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					grabbing of the Njoro Central Primary DEB School land, which has reduced the institution's original 4.32 acres to just 1.35 acres, depriving students of essential facilities like a playing field and future development space with a view to identifying and prosecuting individuals involved in the fraudulent acquisition of the school's land, ensure the recovery of the illegally occupied portion, and facilitate its immediate reversion to the school to safeguard public
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					education interests and uphold the rule of law and provide a status update to the Office of the Auditor General and the Senate within 90 days of adoption of this Report.
23	Supply, Installation and Commissioning of the Revenue Management System	Agreement to pay vendor 4.3% of total local revenue collected. The engagement of the private vendor has not resulted into improved revenue	We agree with the auditor's observation that according to the terms of reference (TORs) the vendor was to ensure that the county is maximizing the revenue. Since its installation in 1st December 2020 up to-date the system has aided in improvement in revenue	The vendor was to ensure that the County Executive was maximizing the revenue but there had been no much improvement in the revenue collection since its installation.	The Committee recommends that the County Executive should conduct an immediate independent audit to assess the performance and cost-effectiveness of the Integrated Revenue Collection Management System, given the lack of demonstrable improvement in revenue collection despite payments of Kshs.57,739,727 to the supplier with a view to terminate the contract if

			collected as shown by the revenue analysis		the audit confirms that the system failed to deliver the expected returns as per the contract's Terms of Reference (TORs).
24	Construction of High-Altitude Training Facility Keringet Sports Center	Incomplete construction of a high-altitude training facility in Keringet ward at Kshs.121,997,573	We agree with the auditors' findings concerning construction of High -Altitude Training Facility at Keringet. We wish to confirm that the performance bond for the project was extended to 29th April 2025 and has been provided to the auditors for verification. Appendix 24.1	Kshs.96,087,948 or 78% of the contract sum had been made as at 30 June, 2024. physical verification of the works revealed that the main contractor had not completed the works thirty (30) months after the expected completion date and was not on site. Another contractor was contracted at a contract cost of Kshs.18,431,860 for	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

				mechanical works and borehole drilling at the Keringet Sports Center. The contract start date was 22 May, 2023 and was expected to end on 22 November, 2023. However, physical inspection of the project revealed that the borehole had been drilled but there were incomplete works.	Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report. 2. The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report; 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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25	Failure to Establish Departmental Training Committees	Management did not establish departmental training committees which may have negatively impacted the efficient management of the training function of the County Executive.	We agree with the auditor's findings that departmental training committees were not established, however, the functions of departmental training committees is currently being undertaken by departmental human resource management advisory committees. Appendix 25. 1	Management did not establish departmental training committees which may have negatively impacted the efficient management of the training function of the County Executive.	The Committee recommends that the County Executive should immediately establish functional Departmental Training Committees in strict compliance with Paragraph I.2 (1) of the County Public Service Human Resource Manual, 2013, to ensure proper oversight, planning, and efficient management of staff training programs 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.
26	Compensation of Employees Beyond the Set Threshold	The compensation of employees amounts of Kshs.6,447,452,070 is equivalent to 39% of the County Executive's total revenue of	We agree with the auditor's findings that the County Executive has exceeded the	The compensation of employees amounts of Kshs.6,447,452,070 is equivalent to 39% of the County Executive's total	The Committee recommends that; • The management should strictly adhere to the

		Kshs.16,362,575,304 which exceeded the prescribed limit of 35%.	prescribed limit of 35% of the total revenue and we wish to state that this has been occasioned by various factors.	revenue of Kshs.16,362,575,304 which exceeded the prescribed limit of 35%.	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 collection to address the high wage bill gap; and • 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)
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					days of the adoption of this report.
1.	Lack of a Fraud Policy	The County Executive did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review	Hon. Chair we are in agreement with the Auditor's finding that the County Executive did not have in place a fraud management policy. We wish to state that we are in the process of coming up with this.	The County Executive did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review	The Committee recommends that; 1. 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 2. the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.
2.	Non-Establishment of an Audit Committee	The County Executive did not establish an internal audit committee responsible for	We are in agreement with the Auditor's finding that the	The County Executive did not establish an internal audit committee responsible for	The Committee recommends that; 1. the county entities should expedite

		monitoring the County's governance process, accountability process and control systems, follow up on the implementation of the recommendations of internal and external audit.	County Executive did not establish an internal audit committee. We wish to state that we are in the process of establishing the audit Committee.	monitoring the County's governance process, accountability process and control systems, follow up on the implementation of the recommendations of internal and external audit.	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 2. 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.
3.	Lack of Risk and Disaster	Management of the County Executive has not established a risk	We are in agreement with the Auditor's	Management of the County Executive has not established a risk	The Committee recommends that;

	Management Policy	and disaster management policy; strategies and a risk register to mitigate against risk	finding that the County Executive has not established a risk and disaster management policy. We wish to state that we are in the process of establishing the audit Committee.	and disaster management policy; strategies and a risk register to mitigate against risk	1. 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 2. the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.
4.	Non-Compliance With Climate Change Regulations	The Nakuru Climate Change Act, 2021 provided for establishing of County Climate Change Steering Committee and County Climate Change Planning Committee.	We agree with the auditor's findings and wish to respond that the composition of the approved committees was guided by the	There were no reports on sectoral greenhouse gas emissions for the national inventory submitted by the County Executive.	The Committee recommends that; 1. the County Executive should comply with the Nakuru Climate Change Act, 2021 by formally constituting and

		However, the composition of the approved committees chaired by the Governor were not provided for audit review.	Nakuru County Climate Change Act 2021. Appendix 4.1	There were no mechanisms implemented by the County Executive to regularly monitor and review the performance of integrated climate change. The County Executive did not have annual reports submitted to the Council, detailing the status and progress of performance and implementation of all assigned climate change duties and functions.	operationalizing the County Climate Change Steering Committee and Planning Committee, ensuring their membership and mandates are transparently documented and and provide a status update to the Office of the Auditor General within sixty (60) days; and 2. the County Executive should establish a dedicated climate change unit with adequate staffing and funding, appoint a senior officer to oversee climate action
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					mainstreaming, and develop a framework for monitoring, reporting, and reviewing integrated climate change performance. Annual progress reports must be submitted to the Council, with verifiable evidence of public participation in climate policy formulation, to ensure accountability and alignment with statutory obligations.
5.	Lack of an Inventory Management System for the Health Stores	Review of the store records from the pharmacy department at the Nakuru County Referral and Teaching	We acknowledge that currently there's no automated stock module. Initially	It was observed that the Department had failed to develop proper internal controls to monitor the stock levels and nature	The Committee recommends that; 1. the County Executive should immediately

		Hospital on 08 October, 2024 revealed that drugs amounting to Kshs.1,799,849 that had since expired during the period under review yet they were still in the stores. It was observed that the Department had failed to develop proper internal controls to monitor the stock levels and nature of stores	the facility had an automated one but the cost of maintaining the system was not sustainable and are currently sourcing a free one from the Ministry of Health. However, the facility has a manual one that they use to track expiry of drugs by taking monthly stock takes which are checked and documented. In addition to this the main reasons for expiry are staff strikes, changes in treatment	of stores as envisaged under Regulation 158(1)(b) of the Public Finance Management (County Governments) Regulations, 2015	implement an automated inventory management system for the Pharmacy Department at Nakuru County Referral and Teaching Hospital to enable real-time tracking of drug stock levels, expiry dates, and usage patterns, in full compliance with Regulation 158(1)(b) of the Public Finance Management (County Governments) Regulations, 2015; 2. the County Executive should establish strict internal controls, including regular
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			regimens, donations from KEMSA and a push for commodities from UHC.		stock audits, staff training on inventory best practices, and a structured disposal protocol for expired drugs to prevent wastage of public resources; and 3. the Accounting Officer undertakes administrative action against the responsible officer(s) for the lapse that led to Kshs.1,799,849 worth of expired drugs remaining in storage and disciplinary action taken where negligence is established to deter future inefficiencies in medical supply
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					management and provide a status update to the Office of the Auditor General within sixty (60) days.
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF NAROK COUNTY EXECUTIVE FOR
THE FINANCIAL YEAR 2023/2024**

Basis for Qualified Opinion

SUMMARY OF UNRESOLVED AUDIT ISSUES						
N o	Audit Query	Audit Finding	Management Response	Committee Observations	Committee Recommendations	Timelines
REPORT ON FINANCIAL STATEMENTS						
1	Inaccuracies in Pending Accounts Payable	Pending accounts payable and pending staff payables balances of Kshs.618,888,103 and Kshs.154,318,224 respectively differs with a recast schedule in the financial statements showing a balance of Kshs.731,446,191 leading to an unexplained and unreconciled	Variance of 112,558,008 arose from a casting error in the computation of Pending Bills for the supply of services but the error will be corrected in the Financial Statements of Fy 2024/25 as a prior year adjustment. County Government had pending bills	The management has not resolved the Kshs. 112,558,008 variances, failed to provide a register for long-outstanding payables, and did not document payments of Kshs. 400,752,554 to road contractors, with the pending bills untraced in previous audit records	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	60 days from the date of adoption of this report

		variance of Kshs.112,558,088. Pending bills listing indicates payables dating back to the financial year 2013/2014. County Executive did not maintain a register with details of ages of the bills, opening amounts, additions during the year, payments as well as the closing balances. Report of the Pending Bills Resolution Committee to verify eligible or ineligible pending bills was provided BUT it was not conclusive as to determine the validity and	dating back to FY 2013/2014 that have hitherto not been settled due to lack of sufficient documentation to support their eligibility. A pending bills register is maintained with details including ages of the bills. A pending bills Committee reviews and updates the Government on the status of pending bills. It was during the Committee's time that other authentic pending bills came up &		General within sixty (60) days from the adoption of this report;	
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		eligibility of the pending bills reported in the financial statements. Construction of roads revealed that payments amounting to Kshs.400,752,554 was made to contractors as pending bills which have been outstanding for more than one year, dating back to 2020/2021 financial year BUT the pending bills could not be traced in the previous year's audited pending bills records & Management has not explained why the pending bills	they recommended them as eligible for payment despite having not been handed over to the current administration by the previous one			
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		were not included in the financial reports of the years in which they occurred				
2	Unsupported Expenditure on Tagging of Rhinos	Kshs.4,401,000 was spent towards the ear-notching and fitting of transmitters on twenty (20) black rhinos in the Maasai Mara National Reserve. Budgeted expenditure for vehicle transport, fuel and maintenance was Kshs.550,000 against the actual expenditure of Kshs.649,996 resulting to unexplained and unapproved over-	The reallocation was corrected through supplementary budget no 2 of 2023-2024 as attached and journal entries post expenditures to the correct vote items for purposes of final reporting	The management did not provide relevant documents to OAG for verification.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 days from the date of adoption of this report

		expenditure of Kshs.99,996. Fuel consumed was not supported with detailed order, work tickets, delivery notes, counter issue forms (S11) and counter receipt forms (S13) to confirm the amount of Kshs.901,000 spent on immobilization drugs, reversal agents, darting accessories and medical consumables. Kshs.2,172,800 and Kshs.1,568,000 paid to Department of Tourism and Kenya Wildlife Service personnel is not supported with				
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		Memorandum of Understanding with the respective National Government Departments. Hired Company for the provision of helicopter services was not in the list of registered suppliers for the County Executive for the period under review.				
3	Unsupported Reallocation of Expenditure	IFMIS payment details reflects sixteen (16) transactions with a total expenditure of Kshs.183,474,862 paid from the sub-item of Other Capital Grants and Transfers BUT the expenditure related	The reallocation was corrected through supplementary budget no 2 of 2023-2024 as attached and journal entries post expenditures to the correct vote items for	The management did not provide relevant documents to OAG for verification.	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	60 days from the date of adoption of this report

		to payment to individuals, organizations, suppliers and contractors and not Government Agencies or Entities. Management explained the re-allocations were due to inadequate budgetary provisions on the respective expenditure items. Approval for the re-allocations & respective journal vouchers on reclassification to the correct expenditure items were not provided	purposes of final reporting.		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.	
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		for audit verification				
4	Unsupported Payments to Contractors	A Contractor was paid Kshs.75 million for management services of earth moving and road works equipment BUT the daily records of movement of the earth equipment, reports on routine supervision of road construction works, reports on routine maintenance and repairs of the earth moving equipment road and road furniture construction supplies and materials acquired and the roads	Daily records of movement of the earth equipment, reports on routine supervision of road construction works, reports on routine maintenance and repairs of the earth moving equipment were presented. Details of work performed, the post repair inspection reports, the work tickets indicating the details of the dates when vehicles were in garage, maintenance	The management did not provide relevant documents to OAG for verification.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 days from the date of adoption of this report

		constructed and maintained by the Contractor were not submitted for audit review. Not possible to confirm works performed and if they are performed as per the contract. Daily approved work plans for the contractor was not submitted for the audit review. Kshs.60,548,614 paid to another Contractor for repairs and maintenance of earth moving equipment BUT payment was not supported with details of work performed, the post,	logbook, driver and operators defect report, invoices and delivery notes were also presented. The contractor was paid for work done in that financial year & funds were carried forward to the next financial year for the work not done. FY 2023/24, the department of Roads and transport department was allocated Kshs.240,823,765 for roadworks included			
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		work tickets and inspection and acceptance committee report to confirm the validity of the expenditure. Amount paid as pending bill yet it was not included in the prior year audited pending accounts payables.	Kshs.60,548, 614 for repairs of			
OTHER MATTERS						
5	Unresolved Prior Year Matters	Several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance	Financial Statements were amended to reflect accuracy and completeness, and reporting processes were enhanced to ensure proper documentation and support for all transactions.	The County Executive did not take action on the issues raised in the Report of the Auditor General for the Financial year 2022/2023	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	60 days from the date of adoption of this report

		BUT Management has not explained how the issues were addressed or resolved. Financial statements have not fully disclosed the prior year audit issues and how they have been addressed by Management in Annex 1 to the financial statements on progress on follow-up prior year Auditor-General's recommendations.	Compliance with applicable laws and standards, ensuring adherence to internal controls and risk management practices. Progress on the Auditor-General's recommendations has been captured in Annex 1 of the amended financial statements, ensuring transparency and accountability. Internal Audit Committee was constituted to strengthen oversight and governance.			
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			County initiated the preparation of an ICT policy			
Report on Lawfulness and Effectiveness in the Use of Public Resources						
6	Legal Fees	Legal fees of Kshs.364,996,746 exceeded the budgeted amount of Kshs.337,382,581 resulting to unauthorized and unapproved expenditure of Kshs.27,614,165.	Payment exceeded budgeted amount by Kshs.27,614,165 from unforeseen court orders and decrees issued to legal firms that provided services to the Government during former administration. To comply with the law, the amounts were approved through supplementary budget No. 2 of 2023/24.	The management did not confirm the legality of the excess payment and did not provide Supplementary Budget No. 2 of 2023-2024 for audit verification.	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty	60 days from the date of adoption of this report

					(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 Office of the County Governor undertakes administrative action against the responsible	
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					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;	
7	Non-Compliance with the One-Third of Basic Salary Rule	224 employees earned a net salary of less than a third (1/3) of the basic salary in various	In 2020 during COVID-19 pandemic PAYE was temporarily lowered to cushion Kenyans	The management allowed 224 employees to earn less than one-third of their	1) The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this	60 days from the date of adoption of this report

		months during the year under review.	between April and December. Some employees took loans based on the increased net salary due to this cushioning. PAYE rates reverted back in January 2021 & the net salaries of these employees could not accommodate the increased PAYE deductions. Introduction of a contributory pension for devolved staff @ 2.5% in 2021 to 5% in 2022 and 7.5% in 2023 with employees who had committed their	basic salary in various months.	report a plan of the measures put in place to mitigate the issue of non-compliance with the two-third basic salary rule as well as comply with the requirements of law. 2) The county should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds. 3) The Auditor General should continue monitoring the issue in subsequent financial year	
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			salaries up to one-third of their basic salaries adversely affected. Officers with fine surcharges, overpayments, HELB, and court attachments as deductions. Introduction of new statutory deductions - SHIF @2.75% of gross pay, Affordable Housing Levy @1.5% of gross pay, & NSSF increased from Kshs. 0/Ksh.200 to Kshs.1, 080			
8	Irregular Recruitment of Staff	73 clerical officer officers, 8 enforcement	County Public Service Board recruitment was	The management did not provide relevant	The Office of the County Governor undertakes	60 days from the date of

		officers, 27 trade development officers & 2 administrative officers were recruited to the respective jobs. No evidence by Management as proof of human resource plans, confirmation of vacancies existence within the staff establishment & that due recruitment process was followed	based on job indents from various departments of the county. Human resource plans and staff establishment manual was used to guide in establishing the personnel needs in those departments. Recruitment process + interviews for hired staff were conducted by County Public Service Board.	document to the OAG for verification	administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	adoption of this report
9	Irregular Secondment of Employees	9 employees were seconded to various public offices BUT the officers were seconded for	Observation by the auditor was inaccurate as the County Government has	The management did not provide relevant document to the	The Office of the County Governor undertakes administrative action against the	60 days from the date of adoption of this report

		periods exceeding 6 years without justification.	complied with the requirements for secondment of staff given that no one was seconded for a period of more than 6 years.	OAG for verification	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.	
10	Non-Compliance with the Law on Staff Ethnic Composition	County Executive has 5,477 employees out of which 4,557 or 83% are from the same ethnic community. In 2023-2024, CPSB recruited 249 employees, out of	Narok County has complied with 30% ethnic composition, gender and PWDs requirement.	The management did not provide relevant document to the OAG for verification. 83% of the employees were	1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide	60 days from the date of adoption of this report

		whom 236 or 96% were from the same ethnic community.		from the dominant ethnic community.	documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. 2. The county executive should work progressively towards attaining the requirement of the provisions of Section	
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					65(1)(e) of the County Government Act on ethnic inclusivity. 3. The Standing Committee on National Cohesion and Regional Integration to explore legal amendments to ensure progressive compliance with section 65(1)(e) of the County Government Act, 2012.	
11	Non-Reservation of at least 30% of Procurements to Disadvantaged Groups	Disadvantaged groups of youth, women and persons with disability were awarded 31 contracts of Kshs.273,355,924	The County Government made effort in procurement and issuance of tenders to disadvantaged groups but it has	The management reserved only 4.2% (Kshs. 273,355,924) of procurements for disadvantaged groups instead of the required 30%.	The management to ensure compliance with Section 157(10) of the Public Procurement and Asset Disposal Act, 2015, by increasing procurement	Continuou s

		or 4.2% of all the procurements value.	become difficult to attract PWDs, women and youth to bid for the tenders leading to a low achievement in this area. We endeavor to carry out civic education in order to create awareness and attract PWDs, women and youth to bid for the future tenders.		opportunities for disadvantaged groups, including youth, women, and persons with disabilities, to meet the required threshold.	
12	Irregular Hire of Ambulance Services	Kshs.63,264,577 was paid to a local private company for the provision of ambulance emergency medical services being a third extension of the contract entered	Evaluation committee recommended extension of contract as per the law & recommended hiring of ambulances	The management did not provide relevant document to the OAG for verification.	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the	60 days from the date of adoption of this report

		into in February, 2018 for two (2) years without the recommendation of the evaluation committee. No evidence of performance monitoring of the service provider, to ensure that all delivery or performance obligations were met. Company cumulatively paid service fees of Kshs.610, 668,577 from February, 2018 without cost benefit analysis between hiring and acquisition or purchase of the ambulances.	instead of purchase because of terrain of the County, dilapidated roads and expansive nature of the County. Cost-benefit analysis has considered the management of ambulances including repairs, servicing, hiring of drivers and medical staff, and fleet managers is much more costly than hiring. Kshs. 8,294, 000 was for 11 ambulances hired by the County Government		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.	
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		Procurement documents & schedules of rescue operations by the ambulances including pick-up and drop-off points & details on patients served, were not provided for audit review.	initially towards payment of drivers, medics, drugs, maintenance and servicing of vehicles and fuel. County Government has stationed an officer to monitor operations of ambulances to ensure efficiency of operations.			
9	Delayed Completion of Narok County Referral Hospital Block and New Narok County Medical School	Construction of the Narok County Referral Hospital Block was to commence in March, 2020 with the expected completion date of 09 August, 2021 at Kshs.1, 107,295,449.	Completion was delayed due to architectural adjustments recommended by Ministry of Health to make the structure suitable for use as referral hospital	The management did not provide relevant document to the OAG for verification	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	60 days from the date of adoption of this report

		The construction of a new Narok County Medical School (MTC) was to commence in July, 2020 with the expected completion date of 31 December, 2021 @ Kshs.407,768,961 BUT the two projects have had their completion dates extended three (3) times without formal contract extension. Contractors cumulatively paid Kshs.1,279,453,652 or 84% of initial contract amount without payment certificates issued by the Department	as per requisite standards. Requirement for construction of mortuary, kitchen and laundry. Contract extension was duly approved by the accounting officer in the Department of Health. Accounting officer received recommendation from the project management consultant on approved amendment of the contract for works at the KMTC. All payments were made based		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.	
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		of Public Works and Infrastructure. Physical verification in October, 2024 on Narok County Medical School (MTC), hostels and associated works revealed that contractors were on site doing major structural, mechanical and electrical works. No documents of the technical committee report, minutes of site meetings, Bills of Quantities and the amended contract price were provided	on certificates raised and signed by the Engineers. KMTC is complete & put to use.			
10	Supply and Delivery of Earth Moving	County Executive awarded a contract for supply and	Procurement of earthmoving machinery and	The management did not provide relevant	The Office of the County Governor undertakes	60 days from the date of

Equipment and Machinery	delivery of earth moving equipment and machinery for road construction at a cost of Kshs.1,487,932,072 above approved budget of Kshs.876,000,000 resulting to unauthorized expenditure of Kshs.611,932,072. Chief Mechanical Officer did not conduct a post-delivery inspection on the machines and earth moving equipment delivered. No inspection of the equipment delivered was done to ensure	equipment was budgeted in FY 2022/23 @ Kshs.876,000,000 and FY 2023/24 @ Kshs. 611,932,072 & therefore the expenditure was properly budgeted. Procedure to acquire earth moving equipment was duly followed through an inspection and acceptance committee whose inspection and acceptance report is attached. Mechanical engineer carried	document to the OAG for verification	administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	adoption of this report
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	they met requisite specifications. No inspection and acceptance committee report, registration and ownership documents including logbooks were not provided. The delivery notes, pre-inspection reports and evidence of post-delivery inspection conducted by a mechanical engineer from Department of Roads, Public Works and Infrastructure to confirm the specifications of the	out pre- and post-delivery inspection for the machinery and earth moving equipment to confirm specifications of equipment. Daily equipment utilization schedule is attached, logbooks and a fixed asset register. The County is vast and the acquired earth moving equipment are not sufficient to carry out works for all roads across the			
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		machinery and equipment as per the laid down government regulations of motor vehicles and other road equipment were not provided for audit. Daily equipment utilization schedule indicating daily odometer readings at start and end for each equipment and downtime were not provided for audit. Despite the County Executive investing in the equipment and machinery, various road projects were outsourced to	county hence the need for further procurement of contractors.			
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		contractors without justification. No evidence that the machinery and equipment were received and taken on charge and recorded in the fixed assets register.				
11	Lack of Effective Citizen Participation in Planning and Budgeting	Management failure to develop a criterion for identifying stakeholders to participate in the budget process & the method of communication	County carried out public participation exercise as the law requires by putting advertisements to identify locations in the entire county where public exercises were to be conducted. Advertisements in the public	The management did not provide relevant document to the OAG for verification	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	60 days from the date of adoption of this report

			dailies & time stamp for Kiswahili and vernacular languages, attendance sheets and minutes of the meetings.		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 management comply with Articles 201 and 232(1)(d) of the Constitution and Section 125(2) of the Public Finance Management Act, 2012, by conducting adequate public participation	
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					in planning and budgeting.	
12	Failure to Establish County Climate Change Fund	County Executive has not established the Narok County Climate Change Fund.	The Fund has now been formally established, aligning with the provisions of the Public Finance Management (PFM) Act and the specific Climate Change Fund Regulations. Necessary legal and administrative frameworks have been put in place to operationalize the Fund including development of guidelines on funds utilization,	The County Executive has not established the Narok County Climate Change Fund as required by law	The management should develop Narok County Climate Change Fund in compliance with the Public Finance Management (Narok County Climate Change Fund) Regulations, 2021 within sixty (60) days of the adoption of this report and submit the same to the Auditor-General.	60 days from the date of adoption of this report

			governance, and reporting mechanisms.			
13	Unremitted Retirement Benefits Contributions	County Executive owed Kshs.1,863,017,088 to three pension funds amounting to Kshs.134,981,919 and interest amount of Kshs.1,728,035,170 . Records supporting deduction & remittance of NSSF, NHIF and PAYE for employees were not provided for audit.	Long outstanding debt originated from the defunct Local Authority BUT the County Government has begun settling payments. Records for deduction and remittance of NSSF, NHIF and PAYE are attached.	The management did not provide relevant document to the OAG for verification	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	60 days from the date of adoption of this report

14	Irregular Payments to Council of Governors	County Executive made payments of Kshs.5,000,000 to Council of Governors in support of the 9th Annual Devolution Conference and operating expenses	County government has been making contributions to the Council of Governors to facilitate the secretariat. The law before parliament will solve the issue so that the current situation can be corrected.	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.	1. The irregular payments to the Council of 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.	60 days from the date of adoption of this report
15	Nugatory Payments	Litigations against the County Executive with accumulated interest on arbitration of Kshs.752,166,295 for cases involving three clients and	Interest on court awards has been accumulating but the County Government is making deliberate efforts to clear the legal fees and associated	The County Executive has pending litigations with accumulated interest of Kshs. 752,166,295, dating back to 2013-2014. Only	1. The County Executive should utilize its own legal department and make adequate efforts to pay the Pending Legal Fees that have already undergone	60 days from the date of adoption of this report

		dating back to the 2013-2014 out of which Kshs. 62,288,125 had been paid.	interests when funds become available. Negotiating with legal service providers to consider waiving interest.	Kshs. 62,288,125 has been paid	through taxation and submit a status report to the Auditor-General sixty days from the date of adoption. 2. 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.	
16	Irregular Transfer of Funds to Narok Kajiado Economic Block (NAKAEB)	Kshs.24,251,066 transferred to Narok Kajiado Economic Block (NAKAEB). Transfers were made without any conditions or	County Executive transferred Kshs.24,251,066 to NAKAEB & amount was budgeted under transfers to other	The management transferred Kshs.24,251,066 to NAKAEB without any conditions or agreements. No	Sanction and surcharge as outlined in Section 65 of the Public Audit Act, 2015 against the responsible	60 days from the date of adoption of this report

		agreement & no verifiable document provided in support of the NAKAEB's constitutional mandate	Government entities for 2023/24. Purpose was to support activities of mutual interest, including the promotion of Maa Cultural activities.	verifiable documents were provided to support the transfer	officer(s) who made irregular payment to NAKAEB within 60 days from the date of adoption of this report,	
17	Irregular Grants to Narok Water and Sanitation Company Limited	County Executive transferred grants of Kshs.10,314,123 to Narok Water and Sanitation Company Limited for Company's administration and operational costs. Grants were not included in the approved budget for the year & were issued to the Company in cash to augment its	The transfer is payment of water bills for our various hospitals, institutions and county departments.	The management did not provide relevant document to the OAG for verification	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	60 days from the date of adoption of this report

		budgetary resources. Transfers were made without any conditions, agreement or management instructions to guide the arrangement.			status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
18	Irregular Operation of Accounts in Commercial Banks	County Government operated 27 accounts with commercial banks instead of the Central Bank of Kenya.	The commercial banks were open specifically for revenue collection, health facilities improvement fund accounts, conditional grants and county funds	The County Government operated 27 accounts with commercial banks instead of the Central Bank of Kenya. No evidence was provided to support the management's response.	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	60 days from the date of adoption of this report

					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 management should comply with Regulation 82(1)(b) of the Public Finance Management (County Governments) Regulations, 2015,	
Report on Effectiveness of Internal Controls, Risk Management and Governance						
19	Payment of Salaries Through Manual System	Salaries of Kshs.48,517,077 paid outside the IPPD system	Contributions are made to staff pensions at various levels	Kshs.48,517,077 was paid outside the IPPD system through manual	The management should process and pay all employees using the IPPD	Continuou s

		through manual payrolls. Kshs.34,887,575 paid to officers in various departments and Kshs.13,629,502 paid to temporary employees of the County. Manual systems are prone to errors.	depending on category of staff. IPPD is programmed to handle 15% employer's contribution thus it is impossible to incorporate the ones whose contribution is 12% & therefore employer's contribution is done manually. Initiated a process with human resource management information systems to include all staff in the employer's contribution scheme	payrolls, including Kshs.34,887,575 to officers in various departments and Kshs.13,629,502 to temporary employees.	system for accountability and that the OAG should review the matter in the subsequent audit cycle.	
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20	Lack of an Audit Committee and Effective Internal Audit Function	Internal audit department lack an approved internal audit charter, approved annual audit plan and independent budget or authority to incur expenditure.	The Audit committee has been established and is operational. It has an independent budget which enables them to discharge their functions effectively.	The Internal Audit Department lacks an approved audit charter, an annual audit plan, an independent budget, and the authority to incur expenditure	1) the county Executive expedites sufficient staffing of the audit committee to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report. 2) the Salaries and Remuneration Commission (SRC) to review the compensation framework for Audit Committee members	60 days from the date of adoption of this report
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					since the low sitting allowances may not attract seasoned professionals to the county Audit Committees.	
21	Lack of Updated Register of Assets for ICT Equipment	Fixed and intangible assets not incorporated into the assets register Receipts and issues records revealed that 275 devices had been delivered instead of the originally tendered 150 devices. Register of assets lacked comprehensive details.	County Government received 275 handheld devices, 4 monitoring screens, a server and software licenses & all were recorded in the County fixed assets register.	The management had not updated their fixed asset register.	1. County should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board; 2. County should adopt and implement the report of the Inter-Governmental Technical	90 days from the date of adoption of this report

					Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and thereafter provide a status report to the auditor general within 90 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.	
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21	Lack of Fraud and Risk Management Strategies	No fraud management policy to assist in detecting and preventing fraud. No risk management policy or strategy	County government is in the process of developing a fraud and risk management strategy.	The county did not have a risk management policy framework in place. The committee further observed that lack of risk prevention mechanism may expose the entities to various form of risks.	The Office of the County Governor should put in place a fraud and risk management policy within sixty (60) days from the adoption of this report and submit the same to the Auditor General. The Auditor General to closely monitor the development, documentation	60 days from the date of adoption of this report
22	Weak Information and Communication Technology (ICT) Controls	No formal approved ICT Policy and an assessment of the impact of an outage or disruption to the information communication technology systems. Management has not developed	County government established an internal ICT communication policy draft waiting approval from the executive.	The county did not have an ICT policy in place.	The Office of the County Governor should put in place a ICT policy within sixty (60) days from the adoption of this report and submit the same to the Auditor General.	60 days from the date of adoption of this report

		business continuity or information technology disaster recovery plan. Has not established an IT strategic committee to provide governance on information technology matters.	Policy is currently being developed will be considered for approval during the financial year 2024/2025		The Auditor General to closely monitor the development, documentation	
23	Failure to Recover Advanced Payment from Contractor	A contractor's contractual period ended and had been paid the entire contract sum of Kshs.122,698,356 BUT Management had not recovered the advance payment of Kshs.24,500,000 as per the terms of the contract agreement	Advanced payment was included as part of the full payment of the contract sum of Kshs.122,698,356 & instead of the contractor refunding the money, it was retained by the County Government from the contract sum.	The management did not provide relevant document to the OAG for verification	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	60 days from the date of adoption of this report

					status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
23	Obsolete and Unserviceable Assets	Some items in the store are obsolete and unserviceable and are of no economic importance to the County Government.	Inventory stores contain obsolete medical machinery and equipment that does not have economic value to the government. Has disposed 60% of the obsolete assets and is in the process of disposing the balance by identifying companies authorized by NEMA to dispose	The management did not provide relevant document to the OAG for verification	The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the	60 days from the date of adoption of this report

			of medical equipment		adoption of this 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 NYANDARUA 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	Variances in the Statement of Comparison of Budget and Actual Amounts – Recurrent and Development Combined	The approved budget had 3 components differing with amounts in the statements of comparison of budget and actual amounts The accuracy and completeness of the	The management responded that there was misclassification of the above categories of expenditure The financial statements were amended to correct the errors	The Committee observed that Public finance Management Act 2012 Public finance Management Regulations, 2015 had been breached.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who	Within 60 days after the adoption of the report.

		amounts reflected in the statement of comparison of budget and actual amounts could not be confirmed.			failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of	
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					Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations	
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					210 (k) of the Public Finance (County Governments) Regulations, 2015.	
2	Expenditures Incurred After the End of the Financial Year	Kshs.897,556,896 was paid after 30 June, 2024. The expenditure was backdated in the records of the County Executive as incurred on 30 June, 2024. The propriety and accuracy of the expenditure amounting to Kshs.897,556,896 could not be confirmed. The Management was in breach of the law.	The management stated that the issue was as a result of late disbursement from the national Treasury.	The Committee observed that	The Committee recommends that; - 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 address revenue shortfalls.	Continuo us

3	Variances Between Financial Statements Balances and Integrated Financial Management Information System (IFMIS) Report	IFMIS trial balance and ledgers in 12 items have unexplained balances Kshs. 1,497,680,085 Accuracy and validity of financial statements not confirmed	Management noted the audit observation. There were IFMIS challenges which included historical balances brought forward	The Committee observed that the PFM Act 2012 and PFM Regulations 2015 had been breached.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from	Within 60 days after the adoption of the report.
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					the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their	
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					prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
4	Variance Between Appropriation Account and Payment Details	Transactions in payment details amounting to Kshs.52,341 not supported by way of specific budgeted line items in Appropriation Account.	Management noted the error while processing payments in the IFMIS system and specific journals were passed to	The Committee observed that the management corrected the errors after the audit report which was in breach of the PFM Act 2012	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who	Within 60 days after the adoption of the report

		Propriety and accuracy could not be confirmed. The Management was in breach of the law.	correct the anomaly. Management also notes that funds requisition through the Controller of Budget are done using a template generated from the approved budget. The errors were corrected at the funds requisition stage	and PFM Regulations 2015.	failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of	
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					Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations	
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					210 (k) of the Public Finance (County Governments) Regulations, 2015.	
5	Unsupported Budget Adjustments	CRF adjustments of Kshs.531,345,973 in the statement of comparison of budget and actual amounts reflects transfers were not supported by actual expenditure and commitments against the planned activities as at the date of request for supplementary allocations. The regularity, accuracy and completeness of the budget adjustments	The management provided Annex 5a- Memorandum from the Accounting Officers to the County Treasury. Annex 5 b- Supplementary Adjustments explanations and footnotes.	The Committee observed that the management addressed the issue after the audit report which was in breach of the PFM Act 2012 and PFM Regulations 2015.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a	Within 60 days after the adoption of the report

		could not be confirmed. The Management was in breach of the law.			status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of	
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					the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
6	Unreconciled Other Grants and Transfers	Grants amounting to Kshs.204,900,000 differed with the Controller of	Management noted the audit observation. However, management	The Committee observed that the PFM Act 2012 and PFM Regulations	The Committee recommends that; - 1. The Office of the County Governor	Within 60 days after the adoption

		Budget amount of Kshs.182,500,000 resulting to an unreconciled of Kshs.22,400,000. The regularity, accuracy and completeness of the scholarship could not be confirmed.	budgeted and requisitioned for Kshs 204,900,000 in scholarships and other educational benefits.	2015 had been breached.	undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK)	of the report
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					undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit	
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					Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
7	Unreconciled Pending Bills	Pending accounts payable balance brought forward of Kshs.2,372,391,468 varies with the prior audited financial statements balance of Kshs.1,121,910,741 resulting in an unexplained and unreconciled variance of Kshs.1,250,480,727.	Management noted the audit observation. Increase of the reported pending bills opening balance from Kshs 2,372,391,468 to Kshs 2,965,410,323 was as result of inclusion of bills amounting to Kshs.1,250,480,727 previously	The Committee observed that the PFM Act 2012 and PFM Regulations 2015 had been breached.	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	Within 60 days after the adoption of the report

			omitted. Also Management has initiated negotiations with the above agencies to waive the penalties and interests.			of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days	
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					of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
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8	Unexplained Voided Transactions	Three thousand one hundred and twenty (3,125) transactions in IFMIS amounting to Kshs.526,040,886 were voided	Voiding is a module under IFMIS for canceling transactions that had already been submitted to internet banking. The reasons for Voiding include	The Committee observed that explanations were provided but bank statements reflecting the cancellations were not provided. Therefore, PFM Act 2012 and PFM Regulations 2015 had been breached.	The Committee recommends that; - 1. The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from	Within 60 days after the adoption of the report
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					the adoption of this report; 2. The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report. 3. That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their	
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					prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
OTHER MATTERS						
9	Budgetary control and performance	Under funding amounting to Kshs2,047,687,963 or 26% of the budget	The under-performance was due to the following factors. Unreleased equitable revenues share for June 2024	The Committee observed that; d) the county entities did not receive exchequer releases from the National	The Committee recommends that; - 4) The National Treasury should ensure timely release of funds to	Continuous

			amounting to Ksh 472,478,085 Conditional grants amounting to Ksh 729,510,749 budget for but not received. Shortfall in own revenue collection by 287,837,498 attributed to unfavorable economic times.	Treasury on time. e) the Committee noted that the county executives did not meet their own source revenue collection targets. This challenge hampered budget implementation in the affected county entities. f) Most Counties fail to undertake public participation on supplement	county government s in line with the cash disbursement t schedules approved by the Senate. 5) the County Executive puts in place measures to enhance its own generated revenue in order to meet its revenue target and address revenue shortfalls. 6) County Assemblies to exercise their powers as outlined in Article 201 of the Constitution	
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				ary 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.	to ensure budgets are realistic and espouse people's aspirations.	
10	Late release of exchequer	Exchequer releases amounting to Kshs.693,583,413 were received during the month of July, 2024. The late disbursement of exchequer releases	Management noted the audit observation. Management however advocates for timely disbursement of the equitable share of revenue, to enable	The Committee noted that delays in receiving exchequer releases from the National Treasury and under-collection of own source	The Committee recommends that; - 1. The National Treasury should ensure the timely release of funds to county governments in line with the cash disbursement	Continuous

		by The National Treasury impacted negatively on service delivery to the public	effective budget absorption and a positive service delivery to the public.	revenue hindered optimal program implementation and effective budget execution.	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 address revenue shortfalls.	
11	Unresolved prior year matters	Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates	Management noted the audit observation and is progressively implementing audit recommendation s issued by the office of the Auditor General	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
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES						

1 2	Lack of an Approved Staff Establishment	The County did not have an approved staff establishment	Management noted the audit observation. Management has drafted an updated staff establishment which has been forward to the Cabinet for approval.	The Committee observed that Section B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service had been breached.	The Committee recommends that; - 1. The county Executive should expedite development and approval of its staff establishment and a status report should be submitted to the Auditor General for verification within sixty (60) days of the adoption of this report. 2. The county Executive submits a status report to the OAG on the progress of the audit on staff establishment, payroll and the County's measures to ensure	Within 60 days after the adoption of the report
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					compliance with the law	
1 2	Non-Compliance with Law on Ethnic Composition	The County Executive had two thousand four hundred and eighty (2,480) employees out of whom two thousand three hundred and seventy (2,370) or 96% were from the dominant ethnic community in the County. Management was in breach of the law.	Management noted the audit observation. All vacant positions in the county are posted on the County's website and newspapers with country-wide circulation. However, the County Public Service Board has had challenges in attracting applications from qualified persons from non-dominant communities due to social-political factors. The board	The committee observed that the County Executive had a total of 3,298 employees out of which 2,176 or 63.4% were from the dominant local community in the County. This is contrary to the provisions of the National Cohesion and Integration Act, 2008 which stipulates that at least 30% of employees should be from communities	The Committee recommends that; - 3) 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. 4) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance	Within 60 days after the adoption of the report

			remain committed towards receiving and successfully processing applications from all qualified Kenyans	other than the dominant one	with section 65(1)(e) of County Government Act, 2012.	
1 3	Non-Compliance with the Law on Fiscal Responsibility - Wage Bill	Compensation of employees representing 43% of the total receipts	The management stated that the Non compliance was due to the following: Unreleased equitable revenues share for June 2024 amounting to Kshs 472,478,085 Conditional grants amounting to Kshs 729,510,749	The Committee observed that the wage bill for a number of County entities was above the threshold of 35% of total receipts contrary to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. The Committee further noted	The Committee recommends that; - 5) 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	Within 60 days after the adoption of the report

			budget for but not received. Shortfall in own revenue collection by 287,837,498 attributed to unfavorable economic times.	that high wage bill is a threat to the objects of devolution as provided for under Article 174(f) of the Constitution.	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 provide to the Auditor General a status report of measures put in place to contain the high wage bill	
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					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.	
1 4	Payment of Salary Outside IPPD System	Kshs.57,777,835 was paid outside the Integrated Payroll and Personnel Database (IPPD) system	The County has been progressively working towards enrolling all employees into the IPPD System	The Committee noted that some Counties Executive were making payments of salaries for some of its employees	The Committee recommends that- 1. The Senate notes that the process of issuance of Personal File numbers is	Within 60 days after the adoption of the report

				outside the Integrated Personnel and Payroll Database (IPPD) System.	inefficient in counties and therefore directs the National Government (State Department of Public Service) in conjunction in the Council of Governors (CoG) to prescribe and design an efficient human resource management system to be used by counties; 2. The County Governor should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment	
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					and provide a status update to the Auditor General within 60 days of adoption of this report; 3. 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 positions and a	
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					platform for management of county human resources; and 4. the Auditor General to monitor the matter in the subsequent audit cycle.	
1 5	Irregular Engagement of Consultants for Legal Services	The procurement for the external legal services was not approved by the County Executive Committee. Further, procurement of the legal consultants was not competitively sourced since they were merely picked from the registered prequalified legal firms.	The management stated that due to the nature of the services offered in the Office of the County Attorney, it is impractical to invite tenders on a matter that is urgent and requires a quick response. It's for this reason that the County Attorney invokes his/her powers and function	The Committee observed that Section 16 (1) of the office of the County Attorney Act had been breached.	The Committee recommends that the management should always ensure that the law is adhered.	Immediate.

		Management was in breach of the law.	under the Office of the County Attorney Act, 2020, Sections 7 and 8, to pick on an advocate who is prequalified and best suited to handle the specific matter.			
1 6	Non-Adherence to the Stipulated Budget Process Timelines	The approval of the annual development plan and the adoption of the County Fiscal Strategy Paper did not meet the set timelines as they were delayed for a period of forty-five (45) and three (3) days	The management stated that In aligning to the new manifesto the timelines were thereby affected moving forward the County executive will ensure adherence to the time frames.	The Committee observed that the management did not meet the set timelines.	The committee recommends that the management ensures that it adheres to the timelines in accordance to the law.	Continuous
1 7	Excessive Budgetary Allocation to the County Assembly	The County Assembly received Kshs.377,915, 098	Management noted the audit observation. The	The committee observed that the management	The committee marked the issue as resolved.	

		which was over and above the set threshold of seven (7) per cent of the total revenues of the county Executives or twice the personnel emoluments of that County Assembly, whichever is lower.	allocation to the county assembly was based on the County Allocation of Revenue Act (CARA) 2024 which set the ceilings for the County Assemblies. The Act's allocation to Nyandarua County Assembly was Kshs 770,438,804 million. Also transferred was Kshs 109,846,902 and Kshs 110,000,000 in County Assembly staff mortgage and	adhered to the County Allocation Revenue Act which set ceilings for the County Assembly.		
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			development expenditure respectively which is not part of the ceiling set by CARA.			
1 8	Irregular Payments of Subscription to the Council of Governors	The County Executive made payments amounting to Kshs.1,360,000 to the Council of Governors contrary to Section 37 of the Intergovernmental Relations Act, 2012 Management was in breach of the law.	The amount relates to annual county subscription to the council of governors as agreed by the council.	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 Governors (COG)	Immediate

					by the Governor. This is in line with the Resolution of the Senate.	
1 9	Non-Settlement of Pending Bills	The pending bills paid during the year amounted of Kshs.184,505,623 leaving a brought forward balance of Kshs.2,187,885,84 5. However, this balance did not form a first charge on the County Revenue Fund	Management noted the audit observation. Only verified pending bills amounting to Ksh 184,505,626 were paid in the year under review. However, management constituted pending bills verification committee to verify all bills payable after which payment will be made.	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: 10)the County entities should prioritize payment of all verified pending bills as a first charge in the subsequent financial year; 11)the National Treasury should ensure timely release of funds to county government s in line with	Within 60 days after the adoption of the report

					the cash disbursement schedules approved by the Senate so as to enable county entities settle their obligations on time; and 12)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	
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					pending bills. 13) Pending bills deemed ineligible should be forwarded to the Directorate of Criminal Investigation (DCI) to investigate and take proper legal action against those filing false claims. 14) County Executive to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation	
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					25(2)(e) of the Public Finance Management Act (County Government) Regulations, 2015. 15) The National Treasury takes 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.
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					16) County Government s to take note of judgement in a Kitale High Court Constitutional Petition E003 of 2023 that declared formation of pending bills verification committees unconstitutional and engage Office of the OAG and strengthen the internal audit functions. 17) All valid pending bills that have been reviewed by the OAG be	
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					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. 18)The Committee will seek to reintroduce the Prompt Payment Bill with amendments aimed at ring-fencing a certain percentage of the equitable shareable	
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					revenue for pending bills and retain money at source to pay pending bills.	
20	Irregular Expenditure on Designated Departments	Kshs.2,300,805 in respect of payments for installation of metal gate, repainting works, finishing works in Ol Kalou new market, storm water drainage repair work and signages. bills on behalf of the Ol Kalou Municipality Further, the County Executive paid a total of Kshs.11,133,665 in bills on behalf of	Management noted the audit observation and is in the process of opening a special purpose Account for the municipalities to ensure their independence.	The Committee Observed that the Public Finance Management (County Governments) Regulations, 2015	The committee recommends that the management should ensure that they adhere to provision in the Public Finance Management (County Governments) Regulations, 2015 to ensure that municipal department operates independently.	Within 60 days after the adoption of the report.

		the Ol Kalou Municipality which was fully operational and had its own budgetary resource				
2 1	Incomplete and Low Absorption in Projects Implementation Status Report	The project implementation status report indicates that there were seven hundred and seventy (770) projects with a budget of Kshs.3,070,266,288 resulting to unexplained variance of Kshs.833,872. Further, the project implementation	Management noted the observation. The absorption level was pegged on completed projects. Incomplete projects was carried as pending bills and are being paid in the current financial year.	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	Within 60 days after adoption of the report

		status report reflects those five hundred and twenty-one (521) projects worth Kshs.1,401,554,550 were completed, two hundred and seven (207) projects worth Kshs.1,604,634,150 were ongoing, and forty-two (42) projects worth Kshs.64,077,588 had not started. low absorption of the budget towards development at 47% of the development budget after spending only Kshs.1,150,531,018			money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2) The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor	
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		The public did not get the expected value for money from ongoing projects, non-started projects and completed but unutilized projects.			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.	
2 2	Stalled Construction of the Nyandarua County Headquarters at Ol Kalou	Nyandarua County Headquarters project was awarded at a contract sum of Kshs.617,644,564 for a period of one hundred and four (104) weeks commencing 16 March, 2017 with an estimated completion date of 15 March, 2019.	Project management was being done by the state department of public works before project handover to the county government.	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	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	Within 60 days after adoption of the report

		The contractor had been paid Kshs339,836,213 as at June 2024. However, the contractor was not on site and the project has stalled. The value for money for the amount paid to the contractor may not have been realised by the public. In addition the Management was in breach of the law.		was no value for money.	as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2) The Office of the County Governor to prioritise completion of existing and stalled projects and provide a budget for their completion and provide a status	
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					update to the Auditor General within 60 days of the adoption of this report; 3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	
2 3	Proposed Construction of County Aggregation and Industrial Parks	The Management entered into contract to construct the County Aggregation and Industrial Parks (CIAP) at Njambini Agricultural Training College (ATC) on 29 January, 2024 at a contract sum of	The Management have apportioned its requisite share of Kes 150M in the current year's budget being the second and final appropriation for this project. Regularly petitioned the National	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	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	Within 60 days after adoption of the report

		Kshs.464,360,410 which was to run for twenty-eight (28) weeks up to 11 August, 2024 The County had made payments of Kshs.35,526,100 while the National Government had paid zero amounts which translates to total payments of Kshs.35,526,100 or 7.65% of the contract sum, 17% of the work completed and time elapsed was 32.4 weeks or 66.7% of the completion period	Government through the Council of Governors to honor its obligation in order to ensure continuity of the project	therefore there was no value for money.	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.	
2 4	Proposed Construction of Medical Complex at JM Memorial County Referral Hospital	The Medical Complex at JM Memorial County Referral Hospital project was awarded to a contractor at a contract sum of Kshs.1,468,740,156 for a contract period of one	Project management was being done by the state department of public works.	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in addition, the project remained	The Committee recommends that; 1) The County Executive establishes a project management and monitoring System to help in proper project conceptualizati	Within 60 days after adoption of the report

		hundred and fifty-six (156) weeks commencing 7 July, 2021. The estimated completion date was 7 July, 2024 but was revised to 1 July, 2026 As total amount paid to the contractor as at 9 September, 2024 was Kshs.402,473,740.02 or 25% of the revised contract sum The contractor was not on site and the project had stalled		incomplete even after verification therefore there was no value for money.	on, 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	
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					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.	
2 5	Governor's Official Residence	A contract for construction of the Governor's residence at a contract sum of Kshs.43,415,636 was awarded on 18 April, 2024.The	The management notes the audit observation. The land is owned by the county government and the governor's residential	The Committee observed that Regulation 22, 20 (g) of the PFM Act County Governments 2015 had been breached in	The Committee recommends that; 1) The County Executive establishes a project management and monitoring System to help	Within 60 days after adoption of the report

		contract period was thirty-two (32) weeks with expected completion date of 24 December,2024	building earmarked to occupy less than two acres. Management is in process of subdividing the land to comply with Salaries Remunerations Commission's recommendation .	addition, the project remained incomplete even after verification therefore there was no value for money.	in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days from the date of adoption of this report; 2) The Office of the County Governor to	
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					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.	
26	Unimplemented Projects	Kshs.7,200,447 which was paid to the Company for the installation and maximization of	The management responded that the prepayment for the transformers is	The Committee observed that there were many unimplemented projects in the	The Committee recommends that; 1) The County Executive establishes a project	Within 60 days after adoption