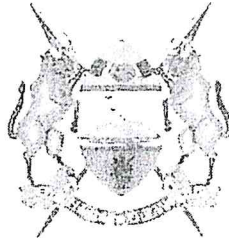


COUNTY GOVERNMENT OF BUNGOMA



COUNTY ASSEMBLY OF BUNGOMA

SECOND ASSEMBLY, FIFTH SESSION

*PCA*  
*HBC*  
*6/4/21*

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE  
AUDITOR GENERAL'S REPORT OF THE COUNTY EXECUTIVE  
OF BUNGOMA FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019.

March, 2021.

Clerks Chambers,  
County Assembly Buildings  
PO BOX 1886,  
BUNGOMA, KENYA.

*Tabled*  
*on 8/4/2021*

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## ACRONYMS

PAC	Public Accounts Committee
OAG	Office of the Auditor General
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounts Standards Board
CRF	County Revenue Fund
ATC	Agricultural Training Centre
NARGIP	National Agricultural and Rural Inclusive Growth Project
CARA	County Allocation of Revenue Act
CEF	Community Empowerment Fund
AiA	Appropriation in Aid
BCRH	Bungoma County Referral Hospital
CA	County Assembly
CASB	County Assembly Service Board
CG	County Government
CIDP	County Integrated Development Plan
CoK	Constitution of Kenya
CPSB	County Public Service Board
FY	Financial Year
KDSP	Kenya Devolution Support Programme
KUSP	Kenya Urban Support Programme
PFMA	Public Finance Management Act
VTCs	Vocational Training Centres

ECDs	Early Childhood Development Centres
EFT	Electronic Funds Transfer
MDAs	Ministries, Departments and Agencies
VAT	Value Added Tax
WBPs	Ward Based Projects
LAIFORM	Local Authority Integrated Financial Operations Management System
IFMIS	Integrated Financial Management Information System (IFMIS)
KEMSA	Kenya Medical Supplies Authority

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## CHAPTER ONE

### 1.0 PREFACE

**Mr. Speaker Sir**, On behalf of the members of the Public Accounts Committee (PAC) and pursuant to the provisions of Standing Order No. 186 and in accordance with Article 229 of the Constitution of Kenya 2010, it is my great pleasure and privilege to present to this House the Committee's report on the Report of the Auditor General in respect to the financial statements of the County Executive of Bungoma for the period beginning 1<sup>st</sup> July, 2018 to 30<sup>th</sup> June, 2019.

### 2.0 POWERS

**Mr. Speaker Sir**, the Committee derives its mandate from Bungoma County Assembly Standing Order No. 186 which states that **“there shall be a select committee to be designated the Public Accounts Committee which shall be responsible for the examination of the accounts showing the appropriation of the sums voted by the County Assembly to meet the public expenditure and of such other accounts laid before the house as the committee may think fit.”**

The primary mandate of PAC therefore is to oversight the expenditure of public funds by County Executive Departments, to ensure value for money and adherence to government financial regulations and procedures. The Committee executes its mandate on the basis of annual and special audit reports prepared by the Office of the Auditor-General (OAG).

As a Committee, we are united in the quest for value for money in the expenditure of public funds. This ambition should be shared by politicians in this Honorable House, County Public Servants including CEC Members and Chief Officers who are tasked with pursuing this goal.

### 3.0 GUIDING PRINCIPLES

In the execution of its mandate afore-stated, PAC is guided by core constitutional and statutory principles on Public Finance Management, as well as established customs, traditions, best practices and usage. These principles include:

#### 1) Constitutional Principles on Public Finance

**Article 201 of the Constitution of Kenya 2010** enacts fundamental principles that **“...shall guide all aspects of Public Finance in the Republic...”** These principles include:

201(a) there shall be openness and accountability, including public participation in financial matters;

201(d) Public money shall be used in a prudent and responsible way; and

201(e) financial management shall be responsible, and fiscal reporting shall be clear.

**Section 39 of the Public Audit Act, 2015** states that:

- (1) All reports of an Audit shall be submitted to Parliament or the relevant County Assembly.
- (2) Within seven days of receiving the report, Parliament or the relevant County Assembly shall publicize it on its official website and other public spaces.
- (3) Within fourteen days after the expiry of seven days upon submitting the report to Parliament or the relevant County Assembly, the Auditor-General shall publicize the report on their official website and other public spaces.

## 2) Audit of Public Accounts

According to **Article 229(4)** of the Constitution of Kenya 2010, **within six months** after the end of each financial year, the Auditor General is required to examine, audit and Report in respect of that financial year, on-

- (a) the Accounts of the National and County Governments;
- (b) the accounts of all funds and authorities of the National and County Governments and express an opinion in the report; and ascertain whether money appropriated by Parliament or the relevant County Assembly and disbursed;-
  - i. has been applied for the purpose for which it was appropriated or raised;
  - ii. was expended in conformity with the authority that governs it; and
  - iii. Was expended effectively, efficiently, economically and transparently as provided for under section 149 of the Public Finance Management Act, 2012; and the said Audit reports shall then be submitted to Parliament or the relevant County Assembly.

**Article 229(8) of the Constitution** provides that, within three months after receiving an audit report, Parliament or the County Assembly shall debate and consider the report and take appropriate action.

Further, the provisions of **Section 117 (1) & (2) of the County Governments Act, 2012** on standards and norms for public service delivery state that;

- (1) A county Government and its agencies shall in delivering public services-
  - a) Give priority to the basic needs of the public;

- b) Promote the development of the public service institutions and ensure that all members of the public have access to basic services.

(2) Public services shall be equitably delivered in a manner that accords to-

- a) Prudent, economic, efficient, effective and sustainable use of available resources;
- b) Continued improvement of standards and quality;
- c) Appropriate incorporation of the use of information technology; and
- d) Financial and environmental sustainability.

### 3) Direct Personal Liability

**Article 226(5) of the Constitution** is emphatic that “If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not”.

PAC has hoisted high these constitutional provisions as the basis for holding each individual accounting officer and other Public Officers directly and personally liable for any loss or misappropriation of public funds under their watch. The Committee has and will continue to invoke these provisions in its recommendations to hold those responsible personally accountable. This is also intended to serve as a deterrent measure.

### 4) Obligations of Accounting Officers

**Mr. Speaker Sir,**

**Section 149 (1) of the Public Finance Management Act, 2012** provides, *inter alia* that, “an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is-

- (a) lawful and authorized; and
- (b) effective, efficient, economical and transparent”

Moreover, **Section 156(1) of the Public Finance Management Act, 2012** states that if an accounting officer reasonably believes that a public officer employed by a County Government entity has engaged in improper conduct in relation to the resources of the entity, the accounting officer shall-

- a) Take appropriate measures to discipline the public officer in accordance with the regulations; or

- b) Refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.

Further, **Section 156(2) of the same Act** states that, if the County Executive Committee Member for Finance reasonably believes that an accounting officer has engaged in improper conduct within the meaning of subsection (4) of this section, the County Executive Committee Member for finance shall-

- (a) Take appropriate measures to address the matter in accordance with laid down procedures; or
- (b) Refer the matter to be dealt with in terms of the statutory and other conditions of employment applicable to that public officer.

In addition **Mr. Speaker Sir**, Section 156(3) of the same Act states that; measures referred to in subsection (2) (a) include the County Executive Committee Member for Finance revoking the designation as accounting officer.

For clarity purposes **Mr. Speaker Sir**, Section 156(4) of the said Act states that; for the purposes of this section, a public officer or accounting officer engages in improper conduct if the officer-

- (a) Contravenes or fails to comply with this Act or any regulation in force;
- (b) Undermines any financial management procedures or controls;
- (c) Makes or permits an expenditure that is unlawful or has not been properly authorized by the entity concerned; or
- (d) Fails without reasonable cause to pay eligible and approved bills promptly in circumstances where funds are provided for.

These sections empower the appointing authority to discipline errant accounting officers, which could include revoking their appointment. These provisions have sealed a long standing loophole that has previously seen accounting officers continuously commit or preside over fiscal indiscipline and malpractice in their Departments with impunity without sanction.

**Mr. Speaker Sir**, PAC strongly holds the view that these provisions of the law were intended to be fully installed to operationalize and also to enforce the principles provided for in Article 201 of the Constitution stated herein above, to ensure prudent and responsible use of public funds. The Committee has accordingly applied these provisions to recommend various disciplinary actions against persons found to bear responsibility for breach of the law and/or responsible for the loss or wastage of public funds.

Mr. Speaker Sir, the report of the Auditor General on the financial statements of the County Executive of Bungoma for the year ended 30<sup>th</sup> June, 2019 has been produced in accordance with the above cited provisions of the law after having been submitted to the County Assembly for tabling on the 3<sup>rd</sup> December, 2020.

PAC places a premium on these principles, among others, and has been guided therein by them in the entire process that has culminated into the production of this report.

#### **4.0 COMMITTEE MEMBERSHIP**

**The committee as currently constituted comprises of the following members;**

- |                          |                  |
|--------------------------|------------------|
| 1. Hon. Tony Barasa      | Chairperson      |
| 2. Hon. Joseph Magudah   | Vice Chairperson |
| 3. Hon. EllyTindi        | Member           |
| 4. Hon. BusoloSudi       | Member           |
| 5. Hon. EverlyneMutiembu | Member           |
| 6. Hon. Martin Pepela    | Member           |
| 7. Hon. Erick Wapang'ana | Member           |
| 8. Hon. MetrineNangalama | Member           |
| 9. Hon. Winnie Nyambok   | Member           |
| 10. Hon. JerusaAleu      | Member           |
| 11. Hon. James Chesbok   | Member           |

#### **OFFICE OF THE AUDITOR GENERAL**

1. Mr. Gideon Tom Isiaha

#### **5.0 CONFIDENTIALITY UNDERTAKING BY MEMBERS OF THE COMMITTEE AND ITS SECRETARIAT**

**Mr. Speaker Sir**, to enhance the integrity of the Committee and its work, the Committee members and its Secretariat have signed a confidentiality undertaking in accordance with



Bungoma County Assembly Standing Order No. 82. Members have undertaken that in relation to the consideration of the Report of the Auditor- General on the County Executive of Bungoma for the year ended 30 June 2019, they will not disclose any matter relating to the proceedings of the said report that is classified as confidential which shall include any evidence or documents presented to the Committee and any information under discussion or deliberation at its meetings before it is tabled and deliberated on by the County Assembly.

#### **6.0 COMMITTEE SITTINGS**

**Mr. Speaker Sir,** The committee held a total of ten (10) sittings to consider the report of the Auditor-General on the financial statements of the County Executive of Bungoma for the year ended 30 June, 2019.

However, a major challenge that the committee encountered, from time to time, is the high level of unpreparedness involving some accounting officers which necessitated unnecessary adjournments of scheduled meetings. In addition, other accounting officers sought last minute postponement of their appearance before the committee; further stretching the committee's time which also interfered with the committee's limited time set aside for site visits and report writing.

#### **7.0 PROCEDURE ADOPTED BY THE COMMITTEE**

**Mr. Speaker Sir,** with technical guidance from the Office of the Auditor-General, the Committee critically analyzed both oral and written submissions from the accounting officers who appeared before the Committee on diverse dates between 28<sup>th</sup> January to 18<sup>th</sup> February, 2021 in respect to their respective Departments to respond to queries raised in the report of the Auditor- General.

**Mr. Speaker Sir,** this report contains the observations and recommendations of the Committee that were arrived at by consensus through detailed and factual deliberations, taking cognizance of the fact that there is adequate machinery within the County Government to implement the recommendations contained in this report.

Allow me, Honorable Speaker, to applaud Honorable Members and the Secretariat of this Committee for their valuable commitment and exemplary work which made the interrogation exercise and the subsequent production of this report a major success.

**8.0 ACKNOWLEDGMENT**

In conclusion, Honorable Speaker, the Committee wishes to express its gratitude to the Offices of the Speaker and the Clerk for the support rendered to it during the consideration of the report of the Auditor-General on the County Executive of Bungoma for the year ended 30 June, 2019. The Committee further wishes to thank the Chief Officers and Executive committee members who appeared before it for their cooperation.

Finally, the Committee acknowledges the valuable input and services rendered by the Office of the Auditor-General in considering submissions from the management of various County Departments.

**Mr. Speaker Sir**, on behalf of the Public Accounts Committee, I now wish to table this report and urge the House to adopt it and the recommendations therein.

SIGNED..........DATE..........

**HON. TONY BARASA, MCA- LWANDANYI WARD  
(CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE).**

## CHAPTER TWO

### 9.0 THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF BUNGOMA FOR THE YEAR ENDED 30 JUNE 2019

#### 9.1 INTRODUCTION

**Mr. Speaker Sir,** This audit report covers the financial year 2018/2019 and is issued in accordance with the requirements of Article 229 of the Constitution of Kenya. The auditor's report on the financial statements of the County Executive of Bungoma gave a qualified opinion. The key audit matters per Department are as follows:

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of County Executive of Bungoma set out on pages 1 to 74, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statements of appropriation recurrent, development and combined and statement of the budget execution by programmes and sub-programmes for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Executive of Bungoma as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

## **1. Failure to Prepare and Submit Financial Statements for County Revenue Fund for Audit**

The receiver of revenue for the County Government of Bungoma did not prepare and submit for audit the annual revenue statements as required by Sections 165(1), (2) and (3) of the Public Finance Management Act, 2012. In the circumstances, it was not possible to ascertain the accuracy of the actual revenue collected by the County Executive during the year under review.

### **Management Response:**

The Management agrees with the auditor's finding and would wish to comment as follows including the action taken;

The Revenue Department has been reporting and submitting the returns on monthly and quarterly basis for consolidation with the financial statements.

However, at the time of preparation of the annual financial statements and reports, the receivers of revenue reporting template had not been developed by the Public Sector Accounting Standards Board. The Public Sector Accounting Standards Board has since developed a reporting template for the National Government Reporting entities.

We have since customized the template for our use and are training the Reporting Officers on how to use the template

### **Committee Observations**

The Department didn't prepare financial Statements for County Revenue Fund as required by Sections 165(1), (2) and (3) of the Public Finance Management Act, 2012 due to lack of standard revenue reporting template.

### **Committee Recommendation**

Since the template has been developed by the Public Sector Accounting Standards Board, the Department of Finance and Economic Planning should prepare and submit financial statements for the revenue in total compliance with Sections 165(1), (2) and (3) of the Public Finance Management Act, 2012 in the subsequent fiscal years.

## 2. Unauthorized Re-Allocations of Vote Heads

The County Executive incurred various expenditures totaling Ksh.101, 093,139 under various vote heads which were different from the approved budget lines. However, there were no requests for and approvals of the re-allocations, contrary to the provisions and requirements of Section 154(2)(b) of the Public Finance Management Act, 2012.

### **Management Response:**

The Management agrees with the auditor's findings and would wish to comment as follows including the action taken;

The matter arose as a result of unforeseen events and some historical obligations that had fallen due. Some of the payments include;

- i) KRA's historical obligation of Ksh. 36,523,079 that was raised after a tax audit was undertaken on the payment of accommodation allowances
- ii) By the time of the finalization and approval of the 2018/2019 Budget, the contract for the renewal for use of the Revenue Management System had not been concluded. Therefore, Ksh. 38,347,560 was paid in regard to the Revenue Management System after the completion of the contract so as not to affect services

We have since developed a County Transport Reimbursement Policy that is at an advanced stage of approval. This will help to avoid tax obligations in relation to the payment of accommodation allowances

We have also enhanced effective budgeting and budget implementation through the formation of Sector Working Groups and Budget Implementation Committees in the Departments so as to ensure that there is effective budgeting and utilization of the budget in compliance with the law

### **Committee Observations**

The committee observes that there was reallocation of funds totaling Ksh.Ksh.101, 093,139 under various vote heads which were different from the approved budget lines without requisite approvals and authority contrary to the provisions and requirements of Section 154(2)(b) of the Public Finance Management Act, 2012.



The Accounting officer therefore was involved in improper conduct as provided for in Section 156 (4) of the Public Finance management Act, *Which states that, a public officer or accounting officer engages in improper conduct if the officer—*

- a) Contravenes or fails to comply with the Act or any regulation in force;*
- b) Undermines any financial management procedures or controls;*
- c) Makes or permits an expenditure that is unlawful or has not been properly authorized by the entity concerned;*

### **Committee Recommendation**

The County Executive Committee Member for Finance should take necessary disciplinary measures to the Accounting Officer for Finance and Economic Planning in line with Section 156 (2) of Public Finance Management Act, 2012. A compliance report to be submitted to the County Assembly within (30) days from the date of adoption of this report.

### **3. Variances between Financial Statements and IFMIS General Ledger**

The figures reported in the financial statements did not agree with corresponding account balances in the Integrated Financial Management Information System (IFMIS) records as analyzed in **Appendix 1** of the Audit report.

In view of the foregoing, the accuracy and completeness of the financial statements for the year ended 30 June, 2019 could not be confirmed.

### **Management Response:**

The Management concurs with the auditor's findings and would wish to comment as follows including the action taken;

The Audited Annual Financial Statements and Reports for the year ended 30<sup>th</sup> June, 2019 present a true and fair view of events as the process of preparation involves rigorous reconciliation of IFMIS records and the bank transactions.

However, it should be noted that there are many factors that contribute to the variances;

- i) Some components such as Exchequer Releases in IFMIS are yet to be customized to the new Reporting Template. Hence, the variance on item to item that do not affect the total amount

- ii) Transactions undertaken by the Departments of Health(Hospitals, Health Centers and Dispensaries) and Agriculture Facilities (MabangaATC/FTC) that are essentially off-IFMIS
- iii) Assets, liabilities and Fund balances are accumulation of balances since the year 2013 when IFMIS was introduced
- iv) IFMIS Cash Management module only became effective in the year 2018/2019 and could only be used from the year 2018/2019 onwards. Therefore, the clearances of the previous balances could not be done as before the 2018/2019. IFMIS could not import the bank statements
- v) Previous financial years have since been closed and may not allow for subsequent adjustments. For example, imprests that were surrendered after the financial year has been closed
- vi) Technical capacity and challenges of the IFMIS users

**Action**–We have since undertaken the following initiatives;

- i) Communicated to The National Treasury to consider installing a Digitized Vote Book Management System in the facilities
- ii) The National Treasury has also undertaken several trainings in regard to the use of IFMIS
- iii) Undertaken a comprehensive reconciliation of Receipts in a bid to demonstrate some of System errors and challenges
- iv) The National Treasury has initiated a process of clearing previous balances. The exercise is still ongoing. The current IFMIS Statement of Receipts and Payments and Statement of Assets and Liabilities have been updated accordingly
- v) Through the Council of Governors, we have raised a matter that will have IFMIS that is dedicated for the use of the County Government

### **Committee Observation**

The committee notes challenges that have led to continuous variances in financial statements and IFMIS General Ledger as reported by the Auditor General.

### **Committee Recommendation**

The committee recommends that the County Executive Committee Member for Finance to liaise with the National Treasury and the Council of Governors to ensure full roll-out of all the IFMIS modules for County Governments so that there is consistency between the integrated financial system and the financial Accounts, since this has been a recurring audit unresolved matter year in year out. The CECM to furnish the County Assembly with progress reports on this matter through quarterly reports.

#### **4. Irregular Legal Fee Payment**

The County Executive sourced for legal services for various court cases and paid Ksh.59, 847,989. Although Management provided schedules for the legal firms showing how the Ksh.59, 847,989 was arrived at, the authenticity of these schedules could not be ascertained as they were not signed and supported,

In the circumstances, the propriety in the utilization of public funds amounting to Ksh.59, 847,989 could not be ascertained.

#### **Management Response**

The accounting officer concurred with the audit findings and submitted that he provided a breakdown of the law firms paid to the internal auditor to share with the external auditors.

#### **Committee Observations**

The committee noted the following;

- i. The management failed to support the payment with authentic schedules
- ii. The management also failed to avail signed schedules to the committee for verification, and to provide proof that the services paid for were indeed rendered/delivered.
- iii. The existence and the list of the court cases referred to in the management response and their status was also not availed
- iv. Signed contracts for provision of legal services and a list of all law firms engaged/prequalified in the period under audit were not submitted for committee verification
- v. The management did not also provide proof that the said payments were within the Advocates (Remuneration) Order Cap 16 of 1962 revised 2007 where all law practitioners within Kenya are obligated to charge clients based on the nature of the matter at hand and the guidelines spelt out in the said Remuneration order.
- vi. The committee further notes that the payments in question were not supported.
- vii. Deliberate attempts were made to pay for services not delivered

### **Committee Recommendation**

According to the provisions of Section 156(4)(b) &(c) of the Public Finance Management Act,2012,an accounting officer employed by a County Government entity engages in improper conduct in relation to the resources of the entity if the officer-

- (b) Undermines any financial management procedures or controls;
- (c) Makes or permits an expenditure that is unlawful or has not been properly authorized.

The committee therefore directs that the CECM Finance takes appropriate disciplinary action against the Accounting officer as per Section 156 (3) of the PFM Act 2012, which provides the County Executive Committee member for finance revoking the designation of an accounting officer.The CECM finance to furnish the County Assembly with a report within (60)days from the date of adoption of this report failure to which the CECM Finance to take responsibility.

This committee further recommends for a special audit from the office of the Auditor General and a comprehensive report be submitted to this honorable house on irregular legal fees payments of Ksh.59, 847,989 within 90 days from the date of adoption of this report.

#### **5. Fuel Consumption by Unauthorized Vehicles**

Examination of records and payment vouchers relating to consumption of fuel, oil and lubricants in the Governor's and Deputy Governor's offices revealed that several private vehicles consumed fuel valued at Ksh.6,531,792 without any authority. Some of these vehicles indicated to have been owned by non-County Executive employees while the ownership of others could not be ascertained as copies of the log books were not availed for audit verification. In particular, an amount of Ksh.116,566 was spent to fuel vehicles whose registration numbers were not recorded.

Consequently, the County Executive management could have led to misappropriation of Ksh.6,531,792 arising from the consumption of fuel by unauthorised motor vehicles that may not have been owned by the County Executive.

### **Management Response**

The Department agreed with the audit findings and submitted that during the financial year under review, coupled with inadequacy of official County vehicles, there was no proper order in terms

of fuel management. Some County officials were forced to use their own private vehicles while discharging their official duties and responsibilities.

**Table 1 Unauthorized Fueled Vehicles**

<b>REG.NO.</b>	<b>AMOUNT (KSH.)</b>	<b>REMARKS</b>
KAP 749 A	9,956.00	LOG.
KAJ 779 X	4,256.00	GVN
KAM 081 T	15,544.00	GVN
KAM 130 Y	2,128.00	LOG.
KAN 005 P	19,691.00	LOG.
KAP 049 A	4,592.00	LOG.
KAB 441 F	39,109.00	LOGISTICS
KAQ 067 L	56,504.00	NAMISI
KAR 625 G	52,596.00	RAMA
KAT 646 X	5,745.00	LOG.
KAU 418 U	152,805.00	C/SEC.
KAW 659 Z	7,042.00	FIN.
KAW 660 Z	8,694.00	LOG.
KAW 833 W	19,123.00	MADARAKA
KAY 478 Z	3,192.00	GVN
KAY 877 A	5,895.00	GVN
KAZ 280 K	5,320.00	GVN
KAZ 842 E	4,457.00	P/ADM.
KBB 086 W	4,256.00	GVN
KBB 086 X	8,393.00	LOG.
KBC 561 L	4,256.00	GVN
KBC 583 D	14,396.00	DGVN
KBC 585 N	5,460.00	MMBWANI
KBC 586 D	121,487.00	CHELONGO
KBD 0055 N	62,601.00	KEVULO
KBD 114 D	130,947.00	MOSES PROT.
KBD 238 T	9,136.00	ENFORCE



<b>REG.NO.</b>	<b>AMOUNT (KSH.)</b>	<b>REMARKS</b>
KBD 573 C	5,710.00	LOG.
KBD 585 C	4,568.00	MMBWANI
KBD 668 G	4,568.00	GVN
KBE 977 M	5,112.00	GVN
KBF 750 A	5,785.00	LOG.
KBG 290 G	48,106.00	FIN.
KBG561 L	4,256.00	GVN
KBJ 254 M	4,716.00	GVN
KBK 603 W	2,358.00	GVN
KBK 833 Z	4,197.00	LOG.
KBL 028 D	8,368.00	GVN
KBL 526 Y	4,205.00	GVN
KBL 786 L	5,745.00	LOG.
KBM 177 N	33,749.00	JORAM
KBM 216 Q	9,576.00	GVN
KBM 362 L	1,500.00	
KBM 797 W	143,955.00	LOG.
KBN 086 X	4,256.00	GVN
KBN 555C	30,858.00	MMBWANI
KBP 591 R	5,710.00	LOG.
KBQ 638 D	8,472.00	
KBQ 896 T	5,395.00	GVN
KBR 225 U	10,590.00	GVN
KBR 337 Z	156,945.00	TIETIE
KBS 192 X	5,785.00	GVN
KBS 725 U	5,207.00	GVN
KBU 368 S	6,354.00	GVN
KBU 435 B	147,018.00	NAOMI
KBU 805 S	5,755.00	GVN
KBU 810 U	20,057.00	GVN
KBV 409 W	25,751.00	MULAMA

<b>REG.NO.</b>	<b>AMOUNT (KSH.)</b>	<b>REMARKS</b>
KBV 414 D	8,772.00	DAVID JUA KALI
KBV 491 W	2,046.00	CHAPLAIN
KBV 552 W	4,658.00	LOG.
KBV 584 A	4,788.00	GVN
KBV 585 B	4,628.00	GVN
KBV 713 B	113,182.00	LEGAL
KBV 858 H	77,027.00	SABUNI
KBW 323 V	23,560.00	GVN
KBW 805 T	99,850.00	SICHANGI
KBY 527 D	5,995.00	LOG.
KBY 845 U	174,543.00	GVN
KBZ 414 B	13,466.00	KIMILILI
KBZ 780 F	5,295.00	LOG.
KBZ 966 B	4,568.00	LOG.
KBZ 970 D	12,661.00	GVN
KCA 359 Z	7,860.00	GVN
KCA 899 F	121,948.00	GVN
KCB 080 C	11,330.00	GVN
KCB 176 Q	5,600.00	LOG.
KCB 258 X	4,256.00	GVN
KCB 374 P	5,386.00	GVN
KCB 689 T	5,740.00	LOG.
KCC 106 K	15,339.00	GVN
KCD 215 G	64,758.00	GVN
KCD 216 G	280,423.00	C/SEC.
KCD 601 V	4,716.00	GVN
KCD 703 G	4,236.00	FIN.
KCF 167 C	102,916.00	LOG.
KCG 193 N	4,256.00	GVN
KCG 202 K	1,149,237.15	GVN

<b>REG.NO.</b>	<b>AMOUNT (KSH.)</b>	<b>REMARKS</b>
KCD 215 G	5,236.00	GVN
KCG 258 Y	17,912.00	KABULA
KCG 400 U	4,049.00	BARASA
KCG 573 W	133,422.00	LOG.
KCG 602 B	4,456.00	LOG.
KCG 692 K	7,194.00	GVN
KCG 816 Q	2,586.00	GVN
KCG 864 Y	13,884.00	LOG.
KCG 955 G	9,253.00	GVN
KCG 955 G	6,210.00	GVN
KCH 040 U	80,156.00	GVN
KCH 112 Z	297,875.00	GVN
KCH 251 H	6,720.00	GVN
KCH 912 J	101,058.00	GVN
KCJ 186 N	99,533.00	SOYSAMBU
KCK 080 M	3,587.00	LOG.
KCK 084 M	163,282.00	LOG.
KCK 339 M	2,326.00	GVN
KCK 412 X	4,788.00	GVN
KCK 482 P	173,278.00	D/GVN
KCL 566 J	4,512.00	GVN
KCM 056 T	3,706.00	LOG.
KCM 444 N	4,584.00	LOG.
KCM 448 L	60,672.00	WATER
KCM 939 D	20,843.00	GVN
KCN 489 J	4,716.00	LOG.
KCN 972 A	1,109.00	GVN
KCP 435 G	8,156.00	LOG.
KCP 645 D	5,803.00	GVN
KCP 834 K	16,710.00	MTC
KCR 281 W	22,011.00	CHELONGO

<b>REG.NO.</b>	<b>AMOUNT (KSH.)</b>	<b>REMARKS</b>
KCU 081 U	4,802.00	GVN
KMD K 964 S	90,319.00	GVN
KUC 424	3,447.00	FIN.
<b>Total</b>	<b>5,243,443.15</b>	

**PRIVATE VEHICLES D/GOVERNOR'S OFFICE-KSH 1,553,719**

<b>M/V REGISTRATION</b>	<b>AMOUNT FUELED (KSH.)</b>	<b>REMARKS</b>
KAN 029 T	24,357.00	KONG'ANI
KAQ 193 W	13,776.00	WAKOLI
KAR 625 Q	10,802.00	RAMA
KAU 418 U	19,986.00	WAMALWA C N
604-609	30,817.00	LOGISTICS
KBC 596 D	71,822.00	CHELONG'O
KBD 055 N	14,257.00	KEBULO
KBD 114 D	22,578.00	MOSES
KBD 668 G	15,502.00	LOGISTICS
KBD 860 Y	13,537.00	BONNY WAY
650-656	25,475.00	LOGISTICS

KBL 780 F	37,978.00	CECM/ADM.
KBM 177 M	5,730.00	JORAM.BKE
KBM 261 Q	16,744.00	CHAPLAIN
KBM 797 W	74,783.00	LOGISTICS
KBN 585 C	32,443.00	MMBWANI
KBR 337 Z	36,490.00	TIETIE
717-721	20,246.00	LOGISTICS
KBU 485 B	75,945.00	NAOMI
KBV 409 W	20,300.00	MULAMA
KBV 713 P	9,432.00	KAPTAIN
KBV 858 H	25,014.00	SABUNI
KBW 805 T	28,110.00	ENFORCEMENT
KBW 858 M	10,230.00	LOGISTICS
KBX 203 H	37,398.00	KIBABA
KBX 487 U	35,900.00	BUYELA
788-790	13,422.00	LOGISTICS
KBY 865 U	19,640.00	LOGISTICS

KBZ 414 B	25,092.00	DAV.BARASA
KCA 998 P	41,063.00	KULOBA *
KCD 583 B	52,509.00	LOGISTICS
KCF 167 C	32,379.00	TIM
KCG 202 K	382,616.00	LOGISTICS
1086-1087	11,799.00	LOGISTICS
KCH 544 N	33,298.00	SERUTI MRS.
KCH 912 J	23,575.00	LOGISTICS
KCJ 186 N	59,813.00	STEPHEN.SOY.
KCK 084 M	79,468.00	LOGISTICS
1181-1184	14,797.00	LOGISTICS
KCM 939 D	14,086.00	MUKHAMULE
KCR 281 W	20,510.00	CHELONG'O
<b>Total</b>	<b>1,553,719.00</b>	

While appearing before the Committee, the accounting officer submitted that the Department had instituted measures to avert future queries by liaising with the Office of the County Secretary and made the following recommendations;

1. Only authorized vehicles in writing by the County secretary to draw fuel.
2. Non-renewal and or extension of fuel contracts with existing service providers.

3. Introduction of fuel card concept in the contract agreements with the current service providers.
4. Had established a task force to investigate misappropriation of fuel whose comprehensive report will inform the chief officer for implementation of its recommendations to the latter.

### **Committee Observations**

- i. There were lapses in terms of fuel management which led to irregular fuel drawn by unauthorized vehicles as observed from the appendices herein totalling to Ksh. 6,797,162.15
- ii. There was an excess of Ksh 265,370 drawn on fuel over and above the audit findings as per the availed response.
- iii. The accounting officer vide letter Ref.CG/BGM/GVN/CO/VOL.I/35 DATED 12<sup>th</sup> February appointed a five (5) member Taskforce to investigate issues of private vehicles drawing government fuel that was supposed to avail its report by the expiry of eight months as per the Terms of reference, a report which had not been submitted at the time of interrogation.

### **Committee Recommendations**

- i. The committee hereby recommends that the Accounting Officer in the Office of the Governor and Deputy Governor to be surcharged Ksh. 6,797,162.15. A report to be availed to the County Assembly within (60) days from the date of adoption of this report.
- ii. The committee further directs that the report of the Taskforce be availed to the County Assembly within (30)days from the date of adoption of this report failure to which the accounting officer to take responsibility and be surcharged the Taskforce allowances advanced.

### **6. Unsupported Expenditure on Air Travel Services**

As disclosed in Note 8 in the notes to the financial statements, the statement of receipts and payments reflects an expenditure of Ksh. 2,068,484,305 under use of goods and services which constitutes an expenditure of Ksh.23, 346,053 on air travel and subsistence. Examination of records on foreign travel and subsistence revealed that payments totaling Ksh.12, 021,100 was

expended without any approval for use of air travel services by the officers. Further, the expenditure was not supported with boarding passes as proof of travel.

Consequently, the propriety of the utilization of Ksh.12, 021,100 on air travel services could not be confirmed.

### Management Response

The management agreed with the audit findings and responded that during the financial year under review, air ticketing was haphazard and poorly coordinated. Consequently, most of the boarding passes could not be located as some officers used them to claim for night out (Perdiem) reimbursement, while some did not simply keep their good custody. The Department is working closely with the travelling agent and the airlines that issued the boarding passes to obtain the passenger manifests that will justify various journeys made.

Table 2- Unsupported Air travel Tickets

PV	Account	Payee	Item Description	Amount	Remarks	Management response
2005	2410104	African Tour safaris	Air tickets	1,413,000	boarding passes and list of qualified officers	Kindly refer to the so far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.
6401	2211306	African	Air tickets	6,802,690	boarding passes	Kindly refer to the so



		Tour safaris			and list of qualified officers	far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.
3938	2210301	African Tour safaris	Air tickets	527,210	boarding passes and list of qualified officers	Kindly refer to the so far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.
1439	2210301	African Tour safaris	Air tickets	997,950	boarding passes and list of qualified officers	Kindly refer to the so far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.

3964	2210301	African Tour safaris	Air tickets	980,200	boarding passes and list of qualified officers	Kindly refer to the so far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.
382	2210301	African Tour safaris	Air tickets	1,300,050	boarding passes and list of qualified officers	Kindly refer to the so far available boarding passes attached as we wait for more from respective airlines. Attached also are payment vouchers and supporting documents indicating the authorized officers.
<b>Total</b>				<b>12,021,100</b>		

In his oral submissions, the chief officer stated that he had instituted the following guidelines in addressing the same that:

1. Only authorized officers that are at the level of directors upwards as per PFM regulations, except for the officers directly attached to the office of the Governor and deputy Governor's offices.
2. Introduction of authorization form that has to be duly filled by travelling officer and approved by the accounting officer.

3. Instruction letter to the airline in question regarding the new guidelines regarding booking of air tickets for authorized officers travelling on official duties.

### **Committee Observations**

The committee noted the correspondences the accounting officer had made with the travelling agency in the quest of addressing the matter vide;

- i. Duly authorized payment vouchers, available boarding passes and other relevant supporting documents were availed during interrogation for perusal and verification,
- ii. Introduction of authorization form as a form of internal control that has to be duly filled by travelling officers and approved by the accounting officer
- iii. Instruction letter to the airline in question regarding the new guidelines regarding booking of air tickets for authorized officers travelling on official duties.

### **Committee Recommendation**

The Committee emphasizes total compliance to the controls instituted to avert future queries. The County directorate of Internal audit services, to plan and give an assurance on the effectiveness of the internal controls on Air Travel services undertaken within the County Government.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1. Budgetary Performance and Control**

##### **1.1 Overall Budgetary Performance**

During the year under review, the Management of the County Executive had budgeted a total expenditure of Ksh.12,765,312,274, comprising recurrent allocation of Ksh.8,571,206,685 (67% of total budget) and development allocation of Ksh.4,194,105,589 (33% of total budget). From the approved budget, the County Executive incurred an actual total expenditure of Ksh.10,371,232,499 comprising recurrent expenditure of Ksh.8,009,443,695 (77% of total expenditure) and development expenditure of Ksh.2,361,788,805 (23% of total expenditure). The

County Executive incurred the overall actual expenditure/budget absorption ratio of 81%, with recurrent and development votes absorbing 93% and 56% respectively, resulting in significant underutilization of development budget as detailed below:

Table 3 –Overall Budgetary Performance

<b>Vote</b>	<b>Budget Allocation 2018/2019 Ksh.</b>	<b>Actual Expenditure 2018/2019 Ksh.</b>	<b>Budgeted Per Vote %</b>	<b>Actual Per Vote %</b>	<b>Absorption Rate %</b>
Recurrent Expenditure	8,571,206,685	8,009,443,695	67	77	93
Development Expenditure	4,194,105,589	2,361,788,805	33	23	56
<b>Total</b>	<b>12,765,312,274</b>	<b>10,371,232,500</b>	<b>100</b>	<b>100</b>	<b>81</b>

Table 4- Overall Budgetary Performance for All Departments

<b>Department(s)</b>	<b>Budgeted Allocations</b>		<b>Actual Expenditure</b>		<b>Absorption Rate %</b>		
	<b>Recurrent</b>	<b>Development</b>	<b>Recurrent</b>	<b>Development</b>	<b>Rec</b>	<b>Dev</b>	<b>Over</b>
	<b>Ksh.</b>	<b>Ksh.</b>	<b>Ksh.</b>	<b>Ksh.</b>	<b>%</b>	<b>%</b>	<b>%</b>
Agriculture, Livestock, Irrigation, Fisheries and Co-operative Development	434,724,855	504,591,817	430,560,212	285,403,402	99	57	76
Finance and Economic Planning	1,175,677,038	66,370,185	1,128,685,531	55,561,289	96	84	95
Gender, Youth, Culture and	129,937,886	106,000,000	112,152,045	300,000	86	0	48

Sports							
Health and Sanitation	3,120,433,998	304,570,871	2,819,749,562	47,127,880	90	15	84
Environment, Water and Tourism	198,255,642	513,511,345	200,292,311	282,642,898	101	55	68
Lands, Urban/Physical Planning and Housing	161,324,441	451,174,817	111,091,537	206,550,176	69	46	52
County Public Service Board	51,058,618	-	47,439,830	-	93	-	93
Education and Vocational Training	1,106,306,522	436,117,016	1,129,925,853	147,405,819	102	34	83
Governor/Deputy Governor's Office	472,091,633	-	431,900,943	-	91	-	91
Public Service Management and Administration	609,720,622	55,546,263	520,067,241	25,185,359	85	45	82
Trade, Energy and Industrialization	52,608,424	142,705,950	46,619,438	51,735,098	89	36	50
Roads, Infrastructure and Public Works	184,088,875	1,513,414,973	171,430,377	1,159,598,740	93	77	78
<b>Total</b>	<b>7,696,228,554</b>	<b>4,094,003,236</b>	<b>7,149,914,880</b>	<b>2,261,510,659</b>			
<b>% of Total Budget/Actual</b>	<b>65%</b>	<b>35%</b>	<b>76%</b>	<b>24%</b>			

Breakdown by respective Departments;

The under-absorption of the approved development budget may have resulted in slow implementation of Projects and activities in the County Executive’s work-plan, for which the funds were budgeted. This may have impacted negatively on service delivery to the public.

**Management Response:**

**Department of Finance and Economic Planning**

The Management agrees with the auditor’s findings and would wish to comment that the Ministry of Finance and Economic Planning had the following budgetary performance during the year under review;

Budgeted Allocations		Actual Expenditure		Absorption Rate %		
Recurrent	Development	Recurrent	Development	Rec	Dev	Overall
Ksh.	Ksh.	Ksh.	Ksh.	%	%	%
1,175,677,038	66,370,185	1,128,685,531	55,561,289	96	84	95

**Action**–The Management considers the absorption fairly good given the challenges associated with delayed Exchequer Releases and endeavor to continue with the same performance.

**Management Responses**

**Department of Education and Vocational Training**

The under absorption of the approved development budget was brought about by delays in the procurement process leading to slow processing of payments to the contractors. Some of the tendered projects were non-responsive necessitating retendering of projects e.g. Chebyuk, Malakisi/South Kulisiru construction of classrooms. The ward based community projects are to be setup on purchased parcels of land most of which lack title deeds making it impossible to implement the projects in addition to political interference from elected leaders.

**Department of Roads and Public Works**

The Department had a fair absorption rate of 93% for Recurrent Expenditure and 77% for Development Expenditure. The County experienced heavy rainfalls that made the implementation of the projects almost impossible. Notably, the IFMIS challenges experienced at the closure of the financial year was also a major contribution to the low absorption rate.

### Department of Tourism, Environment, Water and Natural Resources

The under absorption was as a result of money's appropriated during the year for the Department of Water and Natural Resources were reallocated to other ministries leaving no development budget for the Department.

The Department of Tourism had two projects during the year but only managed to implement one which was the solid waste management.

The over expenditure of 101% was due to reallocations from development vote to recurrent to cater for the solid waste in compliance with the PFM Act Section 154.

### Department of Health and Sanitation

During the period under review the Department of Health and Sanitation was allocated Ksh 3,425,004,868 with Recurrent being Ksh 3,120,433,998 and Development Ksh 304,570,871. The overall expenditure was Ksh 2,882,650,404 (84.16%).

Table 5 :Department of Health Budgetary Performance

Sn	Item	Amount Allocated	Absorption
1	Recurrent	3,120,433,998.00 (91.12)	2,835,582,478.00 (82.80)
2	Development	304,570,871.00 (8.98)	47,067,926.00 (17.20)
<b>Total</b>		<b>3,425,004,868.00</b>	<b>2,882,650,404(84.16)</b>

The under absorption of 15.84% was attributed to:

- a. Delay in the approval of supplementary budgets.
- b. Delay in contractors completing projects on schedule.
- c. Retendering of projects.

Currently the Department is keen on absorbing all the allocated funds by addressing all those issues within their mandate like:

- a. Ensuring that contractors complete projects on schedule through regular reminders to them and site visits.
- b. Adequate budgetary allocation for projects to avoid retendering because of insufficient budgets.

#### Department of Gender, Culture, Youth and Sports

The management agreed with the Audit findings and submitted as follows;

Table 6. Department of Gender Budgetary Performance

Ministry of Gender, Culture, Youth and Sports	Budgeted expenditure	Actual expenditure	Under absorption	Percentage Under Absorption
Total	235,937,886	112,152,045	123,785,841	47.5%
Recurrent	129,937,886	112,152,045	17,785,841	86.3%
Development	106,000,000	0	106,000,000	0%

The management averred that they did absorb the development vote because of late reporting by the substantive Chief Officers that occasioned delays in procurement processes.

#### Department of Agriculture, Livestock, Irrigation, Fisheries and Cooperatives Development

The management acknowledges and concurs with the audit observation that there was under absorption. This is due to the program of conditional grants specifically NARIGP project which is characterized by lengthy grant approval processes of community proposals that delayed absorption. Delay in exchequer releases and negative effect of share revenue losses as a result of contraction of the economy. He further stated that the absorption rate of the development vote head in the Department has since gone up in the subsequent financial years.

#### Department of Public Service Management and Administration

The Department had a fairly above average absorption rate of 82%, made up of 85% and 45% recurrent and development absorption rates respectively.

The major contributor of the below average development absorption rate of 45% were:

1. Delayed project implementation occasioned by internal contractor wrangles.
2. Request for contract variation by contractors.
3. Land disputes between Bungoma County Government and National Government.
4. Delayed/lack of disbursement of Kenya Devolution Support Program (KDSP) funds from the donors.

Consequently, implementation was not as planned.



### **Lands, Urban/Physical Planning and Housing**

During the year under review, the Department of Lands budget had a total expenditure of Ksh. 483,802,272, comprising recurrent allocation of Ksh. 82,060,844 (17% of total budget) and development allocation of Ksh. 401,741,428 (83% of total budget). From the approved budget, the Department incurred an actual total expenditure of Ksh. 251,908,824 comprising recurrent expenditure of Ksh. 76,733,796 (94% absorption rate) and development expenditure of Ksh. 175,175,028 (44% absorption rate). The Department incurred the overall actual expenditure/budget absorption ratio of 52%, with recurrent and development votes absorbing 94% and 44% respectively, resulting in significant underutilization of development budget.

The low absorption rate on development was as a result of a budget allocation of Ksh.276,505,961 being for World Bank grant (KUSP) project which had not been completed due to late disbursement of funds.

While the Department of Housing had a total budget of Ksh.52,025,846, comprising of recurrent Ksh. 29,063,597 and development Ksh. 22,962,249. The total actual expenditure of Ksh. 47,501,946 with Ksh. 24,660,966 being recurrent and Ksh. 22,501,946 development and the overall, actual absorption 91% out of which recurrent is 85% and 99% development.

### **Department of Trade, Energy and Industrialization**

During the year under review, the Department of Trade's budget had a total expenditure of Ksh. 92,678,436 from the approved budget of Ksh. 195,314,374 representing an absorption rate of 47% due to;

- a) Delays in exchequer releases
- b) 50% restrictions on procurable lines
- c) Delays in BQ preparations
- d) Reluctance from bidders in showing interest thus causing retendering of projects and services.

In their oral submission, they alluded that the delay in BQ preparations was attributed to inadequate staff from Public Works that had led to slow absorption of the development funds a situation that affirmed that they will start early preparations to address the situation.

### **Committee Observations**

The committee notes that the Department of Gender, Culture, Youth and Sports lacked the capacity to absorb the development vote as a result of delays in filling up the position of the Accounting officer that would steer the Department adequately in meeting its obligation.

The Committee also noted that, low absorption rate witnessed by the Department of Agriculture during the year under review was attributed to the program on conditional grants specifically NAGRIP project which is characterized by lengthy grant approval processes. i.e. Ksh. 350, 000, 000 under NAGRIP program meant for construction and rehabilitation of various dams across the County which didn't take off since approvals are still pending to date.

The committee further observed that the under absorption of the development budgets was also attributed to delayed exchequer releases and the negative effect of share revenue losses.

The management under the Department of Public Service management and administration failed to table evidence to prove that some of the contractors had internal problems which contributed to the non-performance because the law on procurement of public goods and services provides for redress on non performing contractors. In addition, they also didn't table evidence on instances in respect to the parcels of Land that had disputes between the two levels of governments.

The committee further observed that the management did not table documents confirming that they had complied with all donor financing conditions to qualify for funding.

In the course of receiving evidence from Accounting Officers, the Committee noted with grave concern that a lot of Government land and Fixed Assets all over the county had no ownership documents, making them easy targets for unscrupulous land grabbers. The most affected institutions include schools and market centers which had progressively lost large chunks of land to greedy merchants.

### **Committee Recommendations**

The Departments should be realistic with their budgets and work plans for the year in total compliance to program based budget targets for key results outputs. The Departments should strive to formulate realistic budgets that can be implemented with ease to ensure maximum absorption of budgeted funds.

The County Department responsible for Public Works must identify all contractors with a poor track record in execution of Government contracts and blacklist them from being awarded government contracts. The Department should further ensure that an up-to-date data base on the performance of contractors is maintained and the data is publicized at all times to enable County Government Departments make informed decisions when awarding contracts.

The Committee directs the County Department responsible for Lands to immediately move with speed and ensure that all County Government Assets are secured and County Government land within the County duly adjudicated, secured and title deeds issued and a report to be submitted to the County Assembly within six months after adoption of this report.

## 2. Pending Bills (Accounts Payable)

As disclosed in Note 5.9 Other important disclosures and in Annex 3 to the financial statements, the County Executive recorded an amount of Ksh.425, 860,887 as pending bills as at 30 June, 2019 distributed as follows:

Table 7. Pending Bills for all Departments

<b>Ministry/Department</b>	<b>Amount (Ksh.)</b>
Agriculture, Livestock, Irrigation, Fisheries and Co-Operative Development	13,476,705
Finance and Economic Planning	12,162,583
Gender, Youth, Culture and Sports	1,900,105
Health and Sanitation	67,037,232
Environment, Water and Tourism	94,245,069
Lands, Urban/Physical Planning and Housing	24,997,824
County Public Service Board	5,377,892
Education and Vocational Training	2,384,875
Governor/Deputy Governor's Office	12,296,994
Public Service Management and Administration	61,062,262
Trade, Energy and Industrialization	2,354,274

<b>Ministry/Department</b>	<b>Amount (Ksh.)</b>
Roads, Infrastructure and Public Works	128,565,069
<b>Total</b>	<b>425,860,886</b>

It was not explained why the bills were outstanding despite the County reporting a positive liquidity position as evidenced by cash and cash equivalents balance of Ksh.2,323,151,127 as at 30 June, 2019.

Had the pending bills been settled in the year under review, the statement would have reflected a deficit of Ksh.30, 548,319 instead of the reported surplus of Ksh.395,312,567. Failure to settle accounts payable in the year to which they relate adversely affects the following year's budget provision to which they have to be charged.

#### Department of Finance and Economic Planning

The Management agrees with the auditor's finding and would wish to comment as follows including the action taken;

The pending bills were not settled on time as a result of delayed Exchequer Releases and some invoices that were not received on time to allow for the timely processing of the payments. A number of the listed pending bills were erroneously listed as they were essentially commitments.

<b>Description</b>	<b>Amount(Ksh.)</b>
Eligible	2,479,109
Ineligible – Erroneously declared	9,683,474
<b>Total</b>	<b>12,162,583</b>

Eligible pending bills amounting to Ksh. 1,245,735 have since been paid. Eligible pending bills amounting to **Ksh.1, 233,374** are currently awaiting the approval of the First Supplementary

Budget for the FY 2020/2021. The delay in payment was occasioned by the untimely availing of all supporting documents.

#### Department of Education and Vocational Training

The Department concurred with the audit findings and submitted that it has managed to pay Ksh. 1,010,786.75 to date. The outstanding balance of Ksh. 1,305,424 was not cleared because the suppliers had not been defined in the IFMIS system. The suppliers have since been defined in the system and the process of payment is ongoing

#### Department of Roads and Public Works

In the FY 2018/19, the Department had pending bills of Ksh. 128,565,069 which has since been paid as per the attached pending bills status report with EFT numbers as evidence of payment. The delayed settling of the bills was as a result of IFMIS challenges where treasury failed to pay despite adequate forwarding of requisite documents by the Department. The delays were also caused by lack of approval of funds through the supplementary budgets.

The payment is as per the summary here-under

Table 8. Department of Roads and Public Works Current Pending Bills payment status

<b>CATEGORY</b>	<b>Outstanding bills payable</b>	<b>Amount Paid to date</b>	<b>Balances not yet Paid</b>
<b>Box Culverts</b>	<b>66,596,819</b>	<b>30,793,918</b>	<b>35,640,591.20</b>
<b>Ward Based FY 2017-2018</b>	<b>36,926,295</b>	<b>19,616,789</b>	<b>16,770,557.70</b>
<b>Development</b>	<b>16,029,605</b>	<b>5,786,887</b>	<b>10,413,405</b>
<b>Recurrent</b>	<b>8,713,706</b>	<b>7,385,374</b>	<b>921,032</b>
<b>TOTAL</b>	<b>128,266,426</b>	<b>66,459,768</b>	<b>62,824,554</b>

#### Department of Environment, Water and Tourism

The Department had outstanding bills which arose due to failure to approve supplementary proposals in the budget to cater for the outstanding bills. The Department of Water and natural resources has managed to pay its pending bills leaving an outstanding amount of Ksh.13,358,100

whilst the Department of Tourism has an outstanding bill of Ksh. 287,396 as per the Electronic funds transfer evidence.

**Department of Health and Sanitation**

The management concurred with the Audit findings.

In both their oral and written submissions, they submitted that the Department had Ksh 67,037,232.00 as pending bills by the close of the FY 2018/19. Some of the pending bills were attributed to delays in supply, lack of all required supporting documentation to warrant payments. The Department is in the process of clearing all the pending bills as envisaged in the current status being Ksh 23,614,151 on Recurrent and Ksh 21,595,575 on Development as uncleared bills.

**Department of Gender, Culture, Youth and Sports**

The management agreed with the audit findings stating that their current pending bills for the year ended 30<sup>th</sup> June 2019 stands at Ksh 393,920 as shown in the table below. This was occasioned by delays by the task force that was auditing the legibility of the pending bills.

**Table 9. Department of Gender current Pending Bill Payment Status**

Supplier	Description	Amount due	Remarks/ Status
Standard Media group	Payment of advertisement services	216,920	Not paid
Standard Media group	Payment of advertisement services	177,000	Not paid
<b>Total</b>		<b>393920</b>	

**Office of the Governor and Deputy Governor**

The management agreed with the audit findings and submitted that during the financial year under review, the Department had legible pending bills totalling to Ksh. 4,077,465 as per the table below.

**Table 10 Office of the Governor and D. Governor Pending Bill Payment Status**

<b>OFFICE OF H.E THE GOVERNOR AND DEPUTY GOVERNOR.</b>			
<b>STATEMENT OF PENDING BILLS AS AT 30TH JUNE 2019</b>			
<b>CONTRACTOR/SUPPLIER</b>	<b>AMOUNT OUTSTANDING AS AT 30TH</b>	<b>ITEM CODE</b>	<b>STATUS</b>

	<b>JUNE 2019</b>		
Sulwe FM	683,240.00	2210504	Sufficient supporting documents missing.
Kenya Institute of Supplies Management	27,560.00	2210711	
Sulwe FM	87,000.00	2210504	
Asembo Motor Vehicle Auto Garage	50,000.00	2220101	
Bungoma West Medical Services	171,230.00	2211101	
The Standard	385,120.00	2210504	
Great Lounge Resort	45,000.00	2210801	
CMC Motors Ltd	1,372,074.00	2220101	
CMC Motors Ltd	543,115.00	2220101	
CMC Motors Ltd	121,183.00	2220101	
CMC Motors Ltd	181,943.00	2220101	
Kika Hotel	410,000.00	2210801	
<b>TOTAL</b>	<b>4,077,465.00</b>		

In his oral submissions, the accounting officer stated that upon proper scrutiny all these purported pending bills could not be verified save for those enlisted, as they lacked relevant supporting documents to warrant payment.

Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operative Development  
 The management acknowledges and concurs with the audit observation made on the accounts payable that indeed there was Ksh. 13,476,705; however the Department was able to settle the bills after the year under review. This arose due to the nature of contracts that were dependent on the quantities of works executed spilling over to the subsequent financial year 2019/2020 and in other cases non availability of funds occasioned by share in revenue sources.

The accounting officer submitted that most of the pending bills have since been paid as evidenced by the pending bills payment schedule/details as summarized in the table below;

Pending bills payment details;

Table 11 Department of Agriculture Pending Bills Status

10007775	31-Mar-20	EFT20091F5T2V	PAN AFRICAN EQUIPMENT KENYA Limited	AGR486	5,940,000.00
10008306	3-Jul-20	EFT20185DQBG5	Nabwaya contractors company Limited	AGRIC 851	3,829,489.95
		TOTAL			9,769,489.95
<b>Unpaid bills</b>					<b>3,707,215.05</b>

#### County Department of Public Service Management & Administration

##### Recurrent Pending Bills

During the financial year under review, the Department had outstanding pending bills totaling to Ksh.48,453,809 as at 30<sup>th</sup> June, 2019, of which pending bills totaling to Ksh.10,066,402 were not fully supported by closure of the financial year.



During the financial year 2019/20, pending bills totaling to Ksh.34,078,384 were paid, leaving a balance of Ksh.14,347,842; made up of Ksh.11,493,802 and Ksh.2,854,040 unsupported and supported respectively. Due to lack of sufficient supporting documents, pending bills totaling to Ksh.11,493,802 were not given consideration.

Upon further consultation with service providers towards the end of the financial year 2019/20, sufficient supporting documents for pending bills totaling to Ksh.6,006,015 were provided and ascertained. Hence pending bills carried forward to FY 2020/21 from FY 2018/19 totaled Ksh.8,860,055.

Following numerous complaints and demand letters from contracted guards and cleaning service providers regarding non-payment of their outstanding dues since FY 2017/18 to date, a task force was set up to establish the validity of these claims. The task force report upheld claims totaling to Ksh.24,041,655.

#### Development pending bills

During the financial year under review, the Department incurred development commitments due totaling to Ksh.8,444,086.90. During the FY 2019/20, pending commitments totaling to Ksh.3,073,200.57 were settled.

#### Lands, Urban/Physical Planning and Housing

The Department of Lands recorded an amount of Ksh. 24,997,824 as pending bills as attached to the financial statement. The pending bills were unpaid due to lack of proper documentation and incomplete projects.

In their oral submission, the Chief Officer stated that the actual pending bill was Ksh. 33,527,986 contrary to the audit findings of Ksh. 24,997,824 after ascertaining the true position on the account payables whereas the Department of Housing had a pending bill of Ksh. 4,388,644.

#### Department of Trade, Energy & Industrialization

The department had a pending bill amounting to Ksh. 2,354,274. Currently Ksh. 1,334,460 has since been paid while Ksh. 1,019,814 has not been paid awaiting response from the County Attorney.

#### Committee Observations

The accumulation of pending bills by the Department demonstrates fiscal responsibility indiscipline and the inability of the relevant Accounting officers to ensure proper management and control of finances of the County Government entities in order to promote the efficient and effective use of budgeted resources at the devolved County government level.

The committee observed that the trend of accumulation of pending bills unless checked affects the implementation of successive year's budget to which they have to be charged.

In the Department of Roads and public works, It was observed that an outstanding bill to AMACO INSURANCE of **Ksh. 921,032** could not be paid due to unavailability of documents.

Under the Roads and Public works sector, the fire- station complex was complete and a certificate of completion issued.

The committee noted that the taskforce mandated to review the legibility of pending bills took long and delayed to submit a report to various Departments thus delaying to settle the bills on time.

The Office of the Governor and Deputy Governor only had legible pending bills worth Ksh 4,077,465 out of the recorded Ksh. 12,296,994. The balance of Ksh. 8,219,529 were not well supported and non-authentic.

The Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operatives had an outstanding unpaid bill of Ksh. 3,707,215.05 as at the date of interrogation of this report.

During the year under review, the Department of Public Service Management and Administration had outstanding pending bills under recurrent totaling Ksh, 48,453,809 out of which bills totaling Ksh. 10,066,402 were not fully supported by closure of the financial year to pave way for payment.

The Department of Lands, Urban, Physical Planning and Housing had a total pending bill of Ksh. 37,916,630 with Ksh. 33,527,986 owed to Lands, Urban, Physical Planning and Ksh. 4,388,644 Housing respectively. The committee notes that the Department's pending bill was under declared from the actual Ksh. 33,527,986 to what was captured in the audit report amounting to Kshs. 24,997,824.

The Department of Trade, Energy and Industrialization had settled all its pending Bills of Ksh 1,334,460.

## **Committee Recommendations**

The pending bill of Ksh. 1,019,814 owed to Samozek Ltd should be declared ineligible since the works on Bukembe market were incomplete long after the contract period and the traders have already occupied the market

The accounting officers must at all times ensure that adequate controls are put in place to commit funds that are available in the budgets so that all eligible bills that become due are promptly settled within the same financial year in which they relate.

Accounting officers who fail to clear bills in the year they fall due engages in improper conduct as per the provisions of Section 156 (4) (d) of the Public Finance management Act, in failing to promptly pay approved bills when funds are available. The County Committee Member for Finance to take necessary disciplinary measures to the accounting officers as per the provisions of Section 156 (2) of the Public Finance Management Act 2012.

The committee further recommends that accounting officers must at all times ensure that there is proper management and control of, and accounting for the finances of the County Government and its entities in order to promote efficient and effective use of all resources that are available in the budget.

### **3. Overall Project Implementation Status**

During the year under review, the County Executive had planned to implement a total of 350 Projects/Programmes by different sectors during the financial year.

An analysis on the progress and status of these Projects indicates that only a total of 88 Projects representing 25.2% of the total Projects had been completed as at 31 December, 2019, 173 Projects representing 49.4% were still ongoing while 88 Projects representing 25.2% had not started

In view of the above, the County Executive may not have achieved its targets as approved by the Assembly hence effective service delivery may not be rendered to the residents of the County.

### **Management Response:**

#### **Department of Finance and Economic Planning**

The Management agrees with the auditor's finding and would wish to comment as follows including the action taken;

The individual performances by the respective Ministries, Departments and Agencies have been communicated to the respective MDAs for their comments.

The Ministry of Finance and Economic Planning had the following project implementation performance during the year under review;

Table 12. Department of Finance Project Implementation status

Budgeted Allocations		Budgeted Projects	Actual/Implemented Projects			% of completed projects
Recurrent	Development		Not Started	Ongoing	Completed	
Ksh.	Ksh.	No	No	No	No	
1,175,677,038	66,370,185	1	1	0	0	0

The allocations were meant for the settlement of the liabilities inherited from the Community Empowerment Fund. The Department did not have its own planned projects

**Department of Education and Vocational Training**

The Department experienced slow project implementation due to delayed procurement process brought about by retendering of some projects. In some projects, allocated funds were inadequate. The Department has since developed a typical plan for an ECDE classroom and their costs in consultation with the Department of Public Works as shown in the table below;

Table 13. Department of Education Project Implementation Status

ECDE	APPROXIMATE COST
Single ECDE classroom measuring (10m*9.4m)	1.5M-1.7M depending on location site
Twin ECDE classroom	3.0M-3.7M depending on location site

**Current status**

Budgeted Projects	Actual/Implemented Projects	% of completed
-------------------	-----------------------------	----------------

	Stalled	Ongoing	Completed	projects
No	No	No	No	
52	2	38	12	23%

Among the ongoing projects, there are those awaiting supplementary budget in the current financial year 2020/2021 in order to proceed.

The slow progress has also been occasioned by delays from supervisory reports from the Department of public works on the progress of the projects.

#### Department of Roads and Public Works

The issues raised refers to the projects voted under

- i. CEF Projects – 38No
- ii. RMLF Projects – 30No
- iii. COUNTY Projects – 14No

Most of these projects were delayed due to harsh weather conditions that were experienced through the financial year. However, all these projects have been fast tracked and completed except for two projects detailed below;

- a) BGM/CNTY/OT/CEF/276/2018-2019 – PERIODIC MAINTENANCE OF ROADS IN MIHUU WARD

The contract had been awarded to MS JANVENTURES COMPANY LTD but because of the delayed signing of the contract it was terminated and later implemented under contract number BGM/CNTY/RPW/CEF/OT/031/2019-2020 awarded to JESSISHAM ENTERPRISES LTD which is now completed and awaiting final payment with a 90% progress rate

- b) BGM/CNTY/OT/RPW/RMLF/239/2018-2019 – PERIODIC MAINTENANCE OF NDALU RC – BUNYASI – NANGABO – LUNANI ROAD

The contract was not awarded because it failed to meet the procurement process requirements. However, this project was re-advertised as tender number BGM/CNTY/RPW/RMLF/OT/028/2019-2020 which has since been fully completed and handed over

Summary of implementation status

Table 14. Department of Roads and Public Works Project implementation status

Budgeted Projects	Actual/Implemented Projects			% of completed projects
	Stalled	Ongoing	Completed	
No	No	No	No	
82	0	6	76	92.6%

Department of Water, Natural resources, Environment and Tourism

The Department has managed to implement its projects as per the table below.

Table 15. Department of Water and Environment Project Implementation Status

Department	Budget Allocation		Budgeted Project	Implementation			% completion
	Rec.	Dev.		Not Started	Ongoing	Complete	
Water and Natural Resources	46,127,271	499.869,233	CEF 17	4	1	17	81%
			WD 5				
Tourism and environment	152,128,371	13,642,112	2	1	0	1	50%
<b>TOTAL</b>	<b>198,255,642</b>	<b>513,511,345</b>	<b>24</b>	<b>5</b>	<b>1</b>	<b>18</b>	<b>79%</b>

The 5 projects that have not started are due to reallocation of funds from the Department to the Department of Roads. This included;

- i. Construction of Khasoko water project
- ii. Construction of Chesikaki water project
- iii. CheptaisLwakhakha water project
- iv. Masielo Borehole
- v. Fabrication of 3 in 1 litter bins- Reallocated to solid waste.

### Department of Health and Sanitation

The management concurred with the Audit findings and submitted that during the period, the department budgeted for 59 projects completed 17 projects, 24 projects were still on - going and 18 projects had not started by the end of the financial year.

- a) Out of the 24 projects, seven (7) are complete and seventeen (17) are nearing completion.
- b) For the projects which had not started, they are all on – going except one which was cancelled due to inadequate budget allocation.

### Department of Gender, Culture, Youth and Sports

The management agreed with the Audit findings and submitted the current status of the project implementation;

Table 16. Department of Gender, Culture, Youth and Sports Project Implementation Status

S/no	Description	Contractor	Amount allocated in the FY 2018/19	Remarks/ Current status
1.	Construction of MasindeMuliro stadium	Lunao Enterprises	70,000,000	ongoing
2.	Construction of Maeni Youth Empowerment Centre	Likifa k Ltd	5,000,000	95% complete
3.	Construction of Phase II of High Altitude Centre	Midfirm Enterprise	20,000,000	95% complete
4.	Construction of Nalondo Stadium	-	5,000,000	Not initiated
5.	AjiraProgramme	-	6,000,000	Not initiated
<b>Total</b>			<b>106,000,000</b>	

The management further stated that the entire allocations meant for the Construction of Nalondo stadium was removed by the county treasury despite having been considered and approved by the County Assembly. The High Altitude Center too has no budget allocation despite the contractor being on site for Phase II works currently at 95% complete.

Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operative Development  
 The management acknowledges and concurs with the audit observation on the status of projects.

A total of 23 projects where; 8 are ongoing and 15 complete as per the table below.

Table 17. Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operative Development

S/NO.	Project name	Budget Amount	Status	Remarks
1.	Rehabilitation of buildings(Dining Hall, conference Hall)at Mabanga ATC	9,370,445.00	Ongoing	The project is 95% complete
2.	Construction of periphery fence phase 1	9,029,555.00	complete	Complete and handed over
3.	Establishment of modern Dairy unit for 20 cows	2,500,000.00	Ongoing	The project is 50% complete
4.	Construction of a local chicken production unit	2,500,000.00	Complete	Complete and handed over
5.	Establishment of a County Dairy processing plant	57,001,588	Ongoing	Project is ongoing at 95%
6.	Construction of a coffee mill warehouse at Musese coffee Mill	6,000,000.00	Ongoing	Project is 95%
7.	Construction of coffee drying tables at	1,500,000.00	Complete	Project is complete and in use



	Kimukung'i			
8.	Construction of Bumula DFCS Milk cooler plant	6,000,000.00	Ongoing	Project is 80%

**Department of Lands, Urban/Physical Planning and Housing**

The management averred that during the year under review, the department of Lands had planned to implement a total of 42 Projects during the financial year out of which 27 have been completed and 15 are still ongoing as indicated in the project implementation status attached to the financial statement.

In the oral submissions of the management, the accounting officer stated that some of the ongoing projects were facing challenges in retrospect that money meant for acquisition of land was being committed without due diligence hence hampering the acquisition of land in wards as planned as a result of some land owners lacking the requisite ownership documents.

Table 18. Project Implementation Status, Department of Lands, Urban and Physical Planning

PROJECT IMPLEMENTATION STATUS AS AT 30th JUNE 2019, FY 2018/2019								
DEPARTMENT:LANDS, URBAN AND PHYSICAL PLANNING								
PROJECT IMPLEMENTATION AS AT 30/6/2019								
	project title	project location	project duration	source of funds	contract sum	actual expenditure in 2018/2019	reason for non absorption in 2018/2019	current status
1	purchase of land for construction of 3 dispensaries	chebenyinyi,chemondi and kamarang	1month	BCG	2,000,000	-	late submission of documents	valuation ongoing for chebenyinyi&kamarang
2	purchase of 1 acre of land for lolongbei and tobosom ecde	kaptama	1 month	BCG	1,000,000		late submission of documents	valuation ongoing for chebenyinyi,kamarang
3	fencing of 1/2 acre of land for maeni	maeni	1month	BCG	410,707		delayed submission of documents	cel project ty18/19
4	purchase of 1/2 acre of land for	kibingei	1 month	BCG	600,000		delayed submission of documents	cel project ty18/19
5	purchase of 1 acre of land for	rabende	1month	BCG	1,000,000		delayed submission of documents	awaiting payment after 1st supp
6	purchase of 5 acres of land for expansion of ndalu market	ndalu	1month	BCG	4,000,000		project changed to 1 acre purchase for sinoko recreation centre	negotiation complete awaiting contract signing
7	purchase of 1 acre of land for bishop	soysambu	1month	BCG	1,500,000		waiting valuers report	waiting valuers report
8	purchase of 1/2 acre of land for	milima	1 month	BCG	1,500,000		delayed ifmis process	at sourcing stage
9	Purchase of land for siawa ECDE.		1 month	BCG	950,000	950,000	completed and paid	completed and paid in2018/2019
10	purchase of 3 acres of land for	soysambu	1month	BCG	3,000,000		documents not submitted	documents not submitted
11	Installation of solar streetlights all over	bungoma county	1Month	BCG	17,400,000	-	low quality of lights installed	not completed
12	purchase of 1acre of land for	kibingei-chepkwabi	1 month	BCG	850,000	850,000	completed and paid	completed and paid in2018/2019
13	purchase of 1 acre of land for	kibingei	1 month	BCG	600,000		no documents submitted	non availability of land
14	purchase of land for catholic market	catholic market-maraka	1 month	BCG	7,150,000	7,150,000	completed and paid	completed and paid in2018/2019
15	purchase of land for auction ring at	milima	1month	BCG	1,163,000		complete and paid	completed and paid in2019/2020
16	purchase of 1 acre of land for RAMA	bokoli-milani	1month	BCG	700,000		delayed ifmis process	paid in2019/2020
17	purchase of 1 acre of land for bishop	soysambu	1month	BCG	500,000		awaiting contract agreement	awaiting valuers report
18	purchase of 1 acre of land for	bokoli-machakha	1month	BCG	750,000		complete and paid	paid in2019/2020
19	purchase of 1 acre of land for	namakhele-tongaren	1month	BCG	850,000		awaiting valuers report	awaiting valuers report
20	purchase of 1 acre of land for nzola	ndalu	1month	BCG	1,750,000	1,750,000	completed and paid	completed and paid in2018/2019
21	purchase of 1 acre of land for RAMA	Rama-cheptais	1month	BCG	500,000	500,000	completed and paid	completed and paid in2018/2019
22	purchase of 3/4 acre of land for	namirembe-bukembe west	1month	BCG	1,200,000		complete and paid	paid by health dept in2018/2019
23	purchase of land for ngoli polytechnic	west bukusu	1month	BCG	900,000	900,000	completed and paid	completed and paid in2018/2019
24	purchase of 1 acre of land for kimwanga market	kimwanga	1month	BCG	1,500,000		delayed ifmis process	awaiting payment after 1st supplementary
25	purchase of1 acre of land for construction of natundwe dispensary	Natundwe-bukembe east	1month	BCG	800,000		delayed ifmis process	paid in 2019/2020
26	purchase of 1 acre of land for	siikho	1month	BCG	500,000	500,000	completed and paid	completed and paid in2018/2019
27	purchase of 1 acre of land for ngwelo	ngwelo-siikho	1month	BCG	500,000	500,000	completed and paid	completed and paid in2018/2019
28	purchase of 1 acre of land for	chenomor-cheptais	1month	BCG	500,000	500,000	completed and paid	completed and paid in2018/2019
29	purchase of 1 acre of land for kambini	kambini-kimilili	1month	BCG	850,000		delayed ifmis process	paid in 2019/2020
30	purchase of 1/2 acre of land for construction of maeni youth resource	maeni	1month	BCG	850,000	850,000	completed and paid	paid in 2018/2019
31	purchase of 1 acre of land for sereji junction ecde	south bukusu-sereji junction	1month	BCG	650,000		delayed ifmis process& kra approval	paid in 2019/2020
32	purchase of 1 acre of land for ndakaru	ndakaru-west sangalo	1month	BCG	350,000		delayed ifmis process	awaiting payment after 1st supp
33	purchase of land for establishment of	MT ekon kapsokwonyi	1month	BCG	3,025,000	3,025,000	completed and paid	paid in 2018/2019
34	Purchase of land to establish KMTG	Kapsokwonyi	1month	BCG	4,950,000	4,950,000	completed and paid	paid in 2018/2019
35	purchase of 1/4 of land for expansion	kabula	1month	BCG	1,450,000	1,450,000	completed and paid	paid in 2018/2019
36	purchase of land for expansion of	kabula	1month	BCG	650,000	650,000	completed and paid	paid in 2018/2019
37	Purchase of land for khachonge	khachonge	1 month	BCG	5,200,000	5,200,000	completed and paid	paid in 2018/2019
38	purchase of land at kimwanga for	kimwanga	1month	BCG	3,120,000	3,120,000	completed and paid	paid in 2018/2019
39	purchase of land at kimwanga for	kimwanga	1month	BCG	5,350,000	5,350,000	completed and paid	paid in 2018/2019
40	purchase of land at kimwanga for	kimwanga	1month	BCG	4,400,000	4,400,000	completed and paid	paid in 2018/2019
41	purchase of GIS system	survey office	1month	BCG	17,983,952	13,730,000	part paid in 2018/2019due to insufficient budget allocation	balance was paid in 2019/2020
42	Construction of storm water drainage	bungoma town	1month	BCG	37,257,250	28,358,395	project still ongoing	Complete
	<b>TOTAL</b>				<b>140,159,909</b>	<b>84,683,395</b>		

### Department of Trade, Energy and Industrialization

The management agreed with the Audit findings and stated that during the year under review, the Department had planned to implement a total of 24 projects, seven were complete, six ongoing and eleven had not yet started by the time of the audit.

In their oral submission, the accounting officer confirmed that currently the six ongoing projects were complete as per the project implementation status report availed to the committee.

### **Committee Observations**

Under the Department of Education, it was observed that Ksh. 900,000 in the budget meant for bursary was reallocated to a ward development project (School support program in Kapkateny ward)

Under the Department of Water and Natural Resources, Sirare water project has never taken off despite it being an inherited government project and reported to be at 50% complete. A site visit established that no works were ongoing; no pump installed and water kiosks and pipeline not done.

The Department of Youth and Sports had an allocation for the Construction of Nalondo Stadium and completion of High Altitude Training Center as appropriated by the County Assembly, but the allocation has since been reallocated by the County Treasury to other functions.

The Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operatives failed to implement a reasonable number of projects to their completion as per the work-plans and budgetary provisions

The committee noted a lapse between the Department of Lands and other Departments on matters of acquisition of land on which projects were meant for other Departments. In addition, there lacks due diligence on the status of land ownership over land being purchased by the County Government of Bungoma thus resulting to slow absorption of the Department's development vote.

The taskforce report on the land inventory is still unavailable despite the activity having been undertaken in three phases and facilitated to a tune of Ksh. 12,177,000 vide imprest warrant numbers, 2764500, 3150673 and 3150681 respectively.

Under the Department of Trade, Energy and Industrialization six projects that were on-going are now complete making 13 complete projects

### **Committee Recommendations**

For the purposes of section 151 of the PFM Act, 2012, unless there is any other justifiable or reasonable cause to the contrary, a public officer or an accounting officer is under an obligation to ensure that;

Public funds are spend especially in circumstances where the same are provided for and there is due authorization by the Constitution, an Act of parliament or County legislation. In the circumstances, the management failed to provide satisfactory responses as to why they failed to implement all the planned projects to completion during the period under review, and as a consequence of which, effective delivery may not have been rendered to the residents of the County.

The Departments should make demonstrable efforts by coming up with realistic program based budget output activities that can be implemented within a financial year to spur growth which will be beneficial to the residents of the County rather than allocating funds that cannot be absorbed as intended.

As, a matter of urgency, this Committee recommends that the **Sector Committee on Lands** inquiries into and investigates on all issues of the land owned by the County Government of Bungoma and tables its report within 60 days from the date of adoption of this report.

There is need to have a sensitization forum between the County Department of Lands, Urban, Physical Planning and the respective ward leadership in regard to land purchased at the wards for various projects with a view of fast tracking the current impasse beholding issues on acquired pieces of Land by the County Government of Bungoma

Failure to avail the lands inventory taskforce report to the County Assembly within 60 days from the date of adoption of this report, the CECM responsible in the Department of Lands and the then accounting officer will be held personally liable/responsible for the loss of Ksh 12,177,000 that facilitated the exercise.

#### **4. Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National

Treasury's Circular despite giving promises on expected resolution dates. No efforts appear to have been put in place to resolve the outstanding audit issues.

### **Committee Observations**

Annexed to the report under Appendix I.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Compliance with the Public Finance Management (County Governments) Regulations, 2015 - Fiscal Responsibility Principles**

As disclosed in the statements of appropriations recurrent, development and combined for the year ended 30 June, 2019, the County Executive incurred actual total expenditure of Ksh. 10,371,232,499, comprising recurrent expenditure Ksh. 8,009,443,695 and development expenditure of Ksh. 2,361,788,805 which is 77% and 23% respectively of total expenditure. The actual expenditure on development was therefore lower than the prescribed minimum of 30% required by Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015.

Further, the statement of receipts and payments reflects compensation of employees expenditure of Ksh. 4,421,148,066 which accounts for 41% of the actual total revenue for the year of Ksh. 10,766,545,066, which was again contrary to Section 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which recommends a maximum of 35%.

Management has however, attributed the increased expenditure on compensation of employees to Collective Bargaining Agreement (CBA) with health workers that led to an increase of Ksh.463,800,000 in negotiated allowances, conversion of terms of 1,923, Early Childhood Development (ECD) teachers from contractual to permanent that led to an increase in salaries by

Ksh.384,746,760 and deficits in the revenue sharing formula that uses specific identified parameters rather than the costing of functions.

**Management Response:**

The Management agreed with the auditor's findings and commented as follows;

- i) Implementation of Collective Bargaining Agreement for health workers was undertaken so as to stabilize the industrial relations and restore provision of services
- ii) Conversion of terms for the ECD teachers was undertaken so as to provide stability in the sector

The following action has since been taken;

- i) The County Government has since resolved to only recruit technical officers in key priority areas

Through the Council of Governors, the County Government has successfully handled the most recent industrial action in the Health Sector without further costs as to increased wages.

**Committee Observation**

The County Government of Bungoma failed to adhere to the Fiscal Responsibility Principles contrary to the Provisions of Section 107 of the Public finance management Act, 2012 and subsequently section 25 of the Public Finance Management, (County Governments) Regulations, 2015.

**Committee Recommendation**

The County Executive Committee Member for Finance to submit a responsibility statement to the County Assembly of Bungoma within 30 days of adoption of this report, explaining the reasons for the deviation and provide on how the County intends to ensure annual actual expenditure outturns as well as medium term allocation comply with the provisions of Section 107 (2) (b) &(c) of the Public Finance Management Act, 2012 and Regulation 25 of the Public Finance Management Regulations, 2015. The compliance plan forwarded to the Assembly shall be binding and the CECM for finance shall ensure implementation.

## 2. Proposed Erection and Completion of Residential Building

The Executive entered into a contract with a local company to put up a residential building at a contract sum of Ksh.38,713,724 within Bungoma town which consisted of the following components:

Table 19. Missing components in residential building

Component	Cost (Ksh.)
Preliminaries	1,810,000
Builder's works	23,883,680
Electrical works	532,100
Mechanical works	1,526,700
External works	2,121,420
Provisions for Contingency	3,500,000
Value Added Tax (VAT)	5,339,824
<b>Total</b>	<b>38,713,724</b>

However, it was noted that the County Government did not factor into the Project's budget the perimeter wall, gate and sentry office, storm water management within the compound, installation of solar panels and lighting, installation of an elevator and a ramp for physically disabled persons; and marking of car parking area. Further, in the absence of a perimeter wall and lighting the security of the tenants and their properties cannot not be guaranteed.

The above notwithstanding, the Bill of Quantities included a contingency sum of Ksh.3,500,000 which was not supported with actual works carried out and certified by the Project works officer/architect.

Consequently, the residential building could have been constructed contrary to the provisions of Section 117, Sub-section 1(a) and ((b) and Sub-section 2(a) and (b) of the County Governments Act, 2012.

### Management Response

The management responded that County Government did not factor in the project the above mentioned works due to budgetary constraints in the financial year in question. However, a perimeter wall and gate were erected in the following financial year.

### **Committee Observations**

- i. A site visit undertaken by the Committee informed that the perimeter wall had been erected, a gate was installed, a drainage system was in place as well as a ramp for the physically disabled people thus the security of the tenants and their properties is currently guaranteed. However, the sentry office was incomplete.
- ii. The committee observed that the Bill of Quantities included a contingency sum of Ksh.3,500,000 which was supported with actual works carried out and certified by the Project works officer/architect as provided and supported during the interrogation with the accounting officer.

### **Committee Recommendation**

This committee recommends that the Department to fast track the completion of the sentry office and furnish the County Assembly with a report within 90 days from the date of the adoption of this report.

#### **3. Long Outstanding Imprests**

The accounts receivables – outstanding imprests balance in the statement of assets and liabilities of Ksh.30,555,970 includes long outstanding imprest balance of Ksh.27,167,370, held by staff for more than six (6) months after the respective due dates had lapsed, contrary to the provisions of Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 in regards to imprest management. Further, Management did not explain measures it had taken to recover the amounts as required by Regulation 93(6). In addition, the Ksh.30,555,970 includes imprests amounting to Ksh.2,460,000 due from two (2) officers who were issued with more than one imprests, contrary to Regulation 93(8) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, Management administered the imprest in breach of the law.

#### **Management Response:**



#### Department of Finance and Economic Planning

The Management concurred with the auditor's finding and commented as follows including the action taken;

The Department of Finance and Economic Planning had outstanding imprest of Ksh. 22,039,650 as at 30<sup>th</sup> June, 2019. The summary status is as follows;

Table 20. Outstanding Imprest, finance and economic planning

Category	Amount(Ksh.)	Remark
Surrendered	1,015,000	Payment Voucher available
Taken by EACC	17,223,650	Supporting documents were taken before the imprests were fully processed
Unsurrendered	3,801,000	The matter has been brought to the attention of the Accounting Officer and communication has since been made to The Payroll Office to initiate recovery
<b>Total</b>	<b>22,039,650</b>	

The Accounting Officer has since initiated action for recovery of the unsurrendered imprest

#### Department of Health and Sanitation

The management agreed with the Audit findings and substantiated that it had one unsurrendered imprest of Ksh. 19,600.00 by the close of the financial year. The imprest has since been surrendered and cleared by the county treasury.

#### Office of the Governor and Deputy Governor

The management agreed with the Audit findings and substantiated that they had Ksh 786,520 as outstanding imprest which had been been fully surrendered following the intervention of the accounting officer and other relevant payroll officers as shown in the table below.

Table 21 Outstanding Imprest Governor's Office

IMPREST OUSTANDING FOR THE FY 2018-2019					MANAGEMENT RESPONSE
Ministry	Codes	Names	Date	Amount	Status
GOVERNORS	331030 3	Allan WafulaChenane	19/11/2018	186,520	Officer issued with a warning letter. Imprest fully Surrendered
GOVERNOR	221080 2	SIMIYU MUTAKI	17/4/2018	500,000	Officer issued with a warning letter, and currently being surcharged as a way of recovery.
GOVERNORS	221130 6	SIMION WANJALA SATIA	13-Feb-19	100,000	Officer issued with a warning letter. Imprest fully Surrendered.
		<b>Sub Total</b>		<b>786,520</b>	

The Accounting Officer informed the committee that he introduced measures towards recovery through warning and recovery letters to justify recovery efforts made as well as the IFMIS imprest register indicating full surrender of the outstanding imprests.

Department of Public Service Management and Administration

Table 22. Outstanding Imprest Public Administration

<b>IMPREST OUSTANDING FOR THE FY 2018-2019</b>					
<b>Ministry</b>	<b>Codes</b>	<b>Names</b>	<b>Date</b>	<b>Amount</b>	<b>Management response.</b>
P ADMIN	3310301	MOSES WAFULA	09-Nov-18	2,081,200	Imprest holder was served with two reminders, and a warning letter. Imprest fully surrendered.
P ADMIN	3310303	CAROLYNE NABALAYO BUYELA	29-Jun-19	1,313,500	Imprest holder was served with a warning letter. Imprest fully Surrendered as per attached IFMIS generated imprest register.
P ADMIN	2211399	JUSTINE MATEA	03-Jun-19	1,000,000	Imprest holder was served with a warning letter. Imprest fully Surrendered as per attached IFMIS generated imprest register.
P ADMIN	2210309	MICHAEL SIMIYU	04-Mar-19	100,000	Imprest holder was served with a warning letter. Imprest fully Surrendered as per attached IFMIS generated imprest register.
		<b>Sub Total</b>		<b>4,494,700</b>	

### **Committee Observations**

The Department of Health and Sanitation, the office of the Governor and Deputy Governor have cleared their outstanding imprests.

### **Committee Recommendation**

The accounting officers should ensure full compliance to the Regulation 93 (6) of the PFM 2015 (County Governments) on managing imprests transactions.

#### **4. Irregular Procurement of Drugs**

The County Executive, through its Department of Health and Sanitation, incurred an expenditure of Ksh.3, 770,530 for the supply of medical drugs for out-patients through the National Hospital Insurance Fund (NHIF) cover in Bungoma County Referral Hospital. The drugs were issued from a local dispensing chemist shop through an arrangement whereby, outpatients from the hospital

were given prescriptions in the County Hospital which they would take to the chemist to collect drugs. However, it was established that the chemist was identified through direct procurement method even though the conditions for use of this method as outlined in Section 103(2) of the Public Procurement and Asset Disposal Act, 2015, were not adhered to. Further, the quality of the drugs obtained from the chemist could not be ascertained as they were not inspected and accepted by the inspection and acceptance committee thereby posing a risk to the patients.

In the circumstances, management was in breach of the law, and value for money may not have been realized in the expenditure of Ksh.3, 770,530.

### **Management Response**

The management concurred with the Audit findings and submitted that Bungoma County Referral Hospital meeting held on 7<sup>th</sup> March 2017 agreed sourcing of NHIF drugs from the prequalified chemist vide Min 8./HMT/03/2017 tabled during the interrogation stating that it was becoming expensive to procure and stock drugs for NHIF enrolled clients. The Hospital entered into a contract with one of the prequalified supplier vide the letter CG/BGM/PRE/NOA/VOL.I (81) dated 15<sup>th</sup> January 2018 for supply of medical drugs to NHIF clients. The supplier accepted the offer for the supply of drugs in a letter dated 23 March 2018.

During the financial year the hospital incurred Ksh. 3,770,530 for the NHIF drug purchase from the contracted chemist. The supplier met all the requirements for prequalification in addition to being registered with Pharmacy and Poisons Board which ensures quality drugs are dispensed through regular and spot inspection.

Since the supplier was among the prequalified suppliers, he was the only one willing to give the service to NHIF clients as others turned down the offer due to long outstanding pending bills.

### **Committee Observations**

The committee observed that it was factual that there was an arrangement whereby, outpatients from the hospital were given prescriptions in the County Hospital which they would take to the chemist to collect drugs due to the fact that the hospital's budget towards medical drugs could not serve the NHIF clients. Equally, it was not feasible to have the patients buy drugs outside and

claim a reimbursement because the chemists offered different prices for a similar drug hence need for direct procurement.

The committee noted that the chemist was identified through direct procurement method against the provisions of Section 103(2) of the Public Procurement and Assets Disposal Act, 2015.

There was a one year contract between the Hospital and the prequalified chemist renewable once.

The evidence in support for the termination of the contract was not availed to the Committee.

The quality of drugs obtained from the chemist could also not be ascertained because there was no inspection and acceptance committee to verify the dispensed drugs.

The Committee further notes there was no value for money for the expenditure of Ksh 3,770,530.

### **Committee Recommendation**

The Committee recommends for strict compliance of the procedure in procuring of drugs from Kenya Medical Supplies Authority (KEMSA) henceforth to forestall such irregularities.

### **5. Proposed Renovation of Conference and Dining Halls at Agricultural Training College**

The County Executive, under the Department of Agriculture, Livestock, Fisheries and Co-operative Development, awarded contract for the Proposed Renovation of Conference and Dining Halls at Agricultural Training College (ATC) at Mabanga in Bungoma County to a local company at a contract sum of Ksh.14,772,333, following competitive tendering process. The contractor was paid Ksh.7, 820,743 on 11 June, 2019.

Further, during an audit verification visit to the college, it was observed that the painting done was of substandard quality as the contractor did not use the paint recommended and the conference hall had also not been partitioned as specified in the Bills of Quantities (BQs), no tiling had been done on the floors of the dining hall and the contractor had disconnected the electricity but had not reconnected it as at the time of audit, hence it was not possible to confirm whether the installed air conditioners were working.

However, it was noted that the signed contract agreement did not indicate contract period or the time limit for delivery of the contracted works, contrary to the requirements of Section 70(6)(a) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the County Executive may not achieve value for money under this contract. Further, Management may not have been responsible for ensuring that the works were of the right quality and quantity as required by Section 150(1) of the Public Procurement and Asset Disposal Act, 2015.

### **Management Response**

The management acknowledges and concurs with the audit observation and verification. However, it should be noted that a contract sum of Ksh.14,772,333 for the works was available and a sum of Ksh.7,820,743 was paid on 11 June,2019 based on preliminary works executed as per certificate leaving a paltry balance of Ksh. 6,951,590. This signified that final painting works to standard, partitioning and tiling as per the Bills of Quantities were works in progress that as of now are complete.

As for power disconnection; because of the nature of works that involved electrical appliances fittings and for safety purposes of the contractor's employees, the power had to be disconnected. However, after post audit period, the electricity has since been connected as part of work in progress, and all associated electrical elements are functional.

In as much as the management may not have been responsible for ensuring that the works were of the right quality and quantity as required by Section 150(1) of the Public Procurement and Asset Disposal Act,2015 as per audit observation, the nature of works invokes section 150( 3) of the Public Procurement and Asset Disposal Act,2015 Where goods, works and services under sub-section (2), are of technical nature and the specifications were provided by a technical Department or professionals engaged to work on behalf of the accounting officer, that technical Department or professionals engaged to work on behalf of the accounting officer shall be responsible for confirming the right quality and quantity of goods, works or services have been delivered and issue a certificate to the recipient accounting officer which was fulfilled by issuance of certificates of works done in a progressive manner detailing works executed supported by inspection reports.

### **Committee Observations**

From the fact finding exercise conducted, the Committee established that;

- i. The works done were 80% complete and the contractor had vacated the site;
- ii. The dining hall had pending works on the kitchen floor and leaking roof which should be fixed immediately as a matter of urgency.

### **Committee Recommendations**

The Committee recommends for strict compliance with the provisions of Section 150(1) of the Public Procurement and Assets Disposal Act,2015 to enhance effective management of such projects.

The Committee recommends the completion of the project within 90 days from the date of adoption of this report.

## **6. Compensation of Employees**

### **6.1 Employees on Irregularly Extended Probation Periods**

Analysis of the IPPD Payroll data for the month of April 2019 revealed that nine hundred and ninety-two (992) employees of the County Executive of Bungoma were on probation periods ranging from one (1) year to 30 years. These periods are way beyond the maximum period of 9 months allowed in the Human Resource Policies and Procedure Manual. No explanation has been provided as to why these 992 officers have either not been confirmed into permanent and pensionable appointments or terminated after the maximum allowed probation period.

Further, information available indicates that during the year under review, the County Executive paid salaries totaling Ksh.172, 095,597 outside the Integrated Payroll and Personnel Database (IPPD) system using payment vouchers. It is not possible to determine whether there were adequate controls over the expenditure of Ksh.172, 095,597.

The County Executive is therefore in breach of Sections B(18) and B(19) of Bungoma County Government Human Resource Policies and Procedures Manual.

### **Management Response**

The probation period was ranging from one(1)to 3 years not 30 years as quoted.The management confirmed that by 30<sup>th</sup> June,2019 all employees whose contracts had lapsed were cleared from of the payroll. They further submitted that from1st July, 2019 only staff that had valid contracts with the County Governmentwere on payroll and only (6)were being paid salary by voucher.

### 6.2 Engagement of Temporary Workers

As disclosed in Note 7 to the financial statements, the Management spent an amount of Ksh.177,797,876 on basic wages on temporary employees. This amount includes wages totallingKsh.53,456,595 paid by various Departments to casual workers who had been engaged for periods of more than three months as detailed below:

Table 23 Departments engagement of Temporary Workers

<b>Ministry</b>	<b>Amount (Ksh.)</b>
Public Administration	8,184,581
Trade, Energy and Industrialization	523,732
Finance and Economic Planning	26,828,963
Agriculture, Livestock, Fisheries and Co-operative Development	4,325,262
Health and Sanitation	4,479,642
Water and Natural Resources	87,678
Governor's and Deputy Governor's Offices	3,657,447
Lands Urban and Physical Planning	1,366,024
Education, Science and ICT Statistics	156,276
Tourism	1,806,633
Gender, Culture, Youth and Sports	1,306,149
Road and Public Works	734,208
<b>Total</b>	<b>53,456,595</b>

Examination of records revealed that the nature of the assignments did not qualify to be classified as urgent or short-term as stated by the respective ministries.

Further, the expenditure of Ksh.177,797,876 includes Ksh.78,360,000 paid to 3268 Community Health Volunteers (CHVS) at the rate Ksh.2,000 each volunteer per month. The volunteers were



recruited to serve in 329 community health units within Bungoma County. However, a review of the recruitment process revealed that no needs assessment appear to have been done, there was no list of applicants and shortlisted candidates, no notices of advertisement, no list of successful candidates, no details of location of work and no clarity on the roles of the volunteers. No appraisal or evaluation reports were availed for audit review.

Consequently, the County Executive was in contravention of Section 37(1)(b) of the Employment Act, 2007 and Section 74 of the County Governments Act, 2012.

### **Management Response**

The management concurred with the audit findings and submitted as follows;

The Department of health paid Ksh 78,360,000 to 3,268 Community Health Volunteers (CHVs) at a rate of Ksh 2,000 per volunteer per month.

The Kenya Community Health Strategy Policy 2020-2030 outlines the process of recruiting CHVs and Bungoma County adhered to it. The county government took over the CHVs who were previously working under the National government and paid them a stipend to motivate them while serving the community. The county is in the process of formulating the CHV regulations which will guide future engagements with CHVs.

### **Casual Workers**

Some of the confirmed casual employees were inherited from the defunct Local Authorities and had worked with the defunct Local Authorities and the County Government for a long time. The County Secretary in his official capacity requested the Board in December,2016 to confirm the said casuals to permanent and pensionable terms as there were funds to meet their budgetary requirements. However, before absorption, the human resource audit was carried out of all County casual workers where each of them appeared before the Board for verification of their documents and to determine their suitability for absorption into permanent and pensionable establishment.

### **Committee Observations**

The Committee noted that not all casuals were confirmed, as some of them were terminated as follows;

- i. Those who were found to be over age;

- ii. Those found without requisite qualifications, and or basic certificates;
- iii. Those who failed to turn out for a head count and audit prior to the confirmation.

### **Committee Recommendations**

The matter stands resolved.

The Committee directs the Department of Health and Sanitation to fast-track the formulation of CHV regulations to help guide the engagement of the CHV health workers with clear terms of service and remuneration.

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

### **Conclusion**

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

### 1. Incomplete and Stalled Ward Administrators Offices

During the financial year 2014/15, the County Executive, under the Ministry of Public Administration, awarded various contracts for construction of Ward Administrators' Offices in all the forty-five (45) wards in Bungoma County at a total contract sum of Ksh.384, 104,807. An audit field verification was carried out in September, 2019 for twenty (20) of the offices, being constructed by eight contractors with contract sums of Ksh.186,336,243 out of which an amount of Ksh.44,510,223 had been paid as at 30 June, 2019. The Management had indicated that three (3) of the 20 offices had been completed and handed over to the County Executive. It was not clear when the remaining 17 offices would be completed since the respective contract periods had elapsed.

The verification exercise revealed that the offices were not complete while construction for others had not started as there was no land allocated on which to construct them. For the offices that were under construction, there were no activities on the sites.

In view of the above, the County Executive may not have achieved its targets and service delivery may not have been obtained by the residents of the County and value for money may not have been realized from the expenditure of Ksh.44, 510,223.

Table 24. Incomplete and Stalled Ward offices

	Contract no	Payee	Amount (Ksh.)	Remarks
1	BGM/CNTY/175/2014 -2015	M/S Moditech Group Company Limited	17,921,925.76	Incomplete, no activity on the site and also no title deed for land
2	BGM/CNTY/158/2014 -2015	M/S RamagonContuctionCo mpany Limited	29,579,908.00	Mihuu ward office incomplete and stalled
3	BGM/CNTY/176/2014 -2015	M/S Jowk Enterprise Ltd	19,396,336.00	West Sangalo- no land for construction
4	BGM/CNTY/163/2014 -2015	M/S Interregional Enterprises	26,433,859.00	West Bukusu, Siboti -no land for construction

	Contract no	Payee	Amount (Ksh.)	Remarks
5	BGM/CNTY/165/2014-2015	M/S Cyan Civil Engireering Ltd	19,278,074.80	East Sangalo- no land for construction
6	BGM/CNTY/166/2014-2015	M/S Wilkori Building And Civil Engineering	29,023,617.60	Tongaren- there is disputed land
7	BGM/CNTY/OT/161/2014-2015	M/S WeidanContruction Ltd	27,118,127.00	Malakisi/kulisiruincompete no activity on the site and Namwela has no land
8	BGM/CNTY/176/2014-2015	M/S Jowk Enterprise Ltd	17,584,393.80	Matula, Sitikho no land for construction
	<b>Total</b>		<b>186,336,241.96</b>	

### Management Response

lo	Contract no	Payee	Amount (Ksh.)	Remarks	Management response
	BGM/CNTY/175/2014-2015	M/S Moditech Group Company Limited	17,921,925.76	Incomplete, no activity on the site and also no title deed for land	-Contractor was awarded two ward offices; Misikhu and Bokoli each costing ksh.8,960,962.88. Due to lack of land, Misikhu project did not take off. Bokoli ward office; Project stalled due to internal contractor wrangles which were later resolved. Current project status is 80% complete. Construction works currently ongoing as evidenced by the attached inspection report dated 3 <sup>rd</sup> January 2021. Amount paid to date is ksh.4,518,283.69. Pending certificate due for payment being ksh.599,823.34.
	BGM/CNTY/158/2014-2015	M/S RamagonC	29,579,908.00	Mihuu ward office	-Contractor was awarded three ward offices namely; Maraka, Ndivisi and Mihuu each costing

No	Contract no	Payee	Amount (Ksh.)	Remarks	Management response
		Construction Company Limited		incomplete and stalled	ksh.9,859,968.33. Maraka and Ndivisi are complete, handed over and in use, while Mihuu is 90% complete. The delays were occasioned by the request for variation by the contractor. The land is owned by the County Government of Bungoma as per attached title deed.
3	BGM/CNTY/176/2014-2015	M/S Jowk Enterprise Ltd	19,396,336.00	West Sangalo-land for construction	In Bukembe East, the project is complete and was hand over but in sangalo, the project has not taken off
4	BGM/CNTY/163/2014-2015	M/S Interregional Enterprises	26,433,859.00	West Bukusu, Siboti -land for construction	Contractor was awarded three ward offices namely;Kimaeti, West Bukusu and Siboti, each costing ksh.8,811,286.53. Kimaeti Contract was terminated due to failure by Contractor to start construction works, while the other two contracts did not start due to lack of land.
5	BGM/CNTY/165/2014-2015	M/S Cyan Civil Engineering Ltd	19,278,074.80	East Sangalo-land for construction	Contractor was awarded two sites; Musikoma and East Sangalo ward offices, each costing ksh.9,639,037.40. Projects did not start due to disputed land with National Government.
6	BGM/CNTY/166/2014-2015	M/S Wilkori Building And Civil Engineering	29,023,617.60	Tongaren- there is disputed land	Contract covered Soysambu, Ndal, and Tongaren ward offices, each costing ksh.9,698,168.40. Soysambu and Ndal projects did not start due lack of land. Tongaren project delayed due to disputed land ownership which was later resolved following confirmation that the land is owned by Bungoma County Government. Project is complete, handed over and in use.
7	BGM/CNTY/OT/161/2014-2015	M/S WeldanCo	27,118,127.00	Malakisi/kulisiruincompl	-Contract covered Kulisiru,Lwandanyi and Namwela ward offices, each costing

o	Contract no	Payee	Amount (Ksh.)	Remarks	Management response
		nstruction Ltd		ete no activity on the site and Namwela has no land	ksh.9,039,375.67. Namwela had no land for construction hence the site was not handed over, while Kulisiru and Lwandanyi sites were handed over to contractor. Kulisiru office is complete pending handover for official use, while Lwandanyi project is ongoing and currently at 75% completion status.
	BGM/CNTY/176 /2014-2015	M/S Jowk Enterprise Ltd	17,584,393.80	Matulo, Sitikho no land for construction	-Project sites were not handed over to contractor due to lack of land for construction of ward offices.
	<b>Total</b>		<b>186,336,241.9</b> <b>6</b>		

### Committee Observation

The committee notes that the management in their response failed to submit a satisfactory response in respect to the fate of the budgets that were appropriated for the stalled projects.

### Committee Recommendations

A comprehensive project implementation status report for the period FY 2014/15 be submitted to the County Assembly within (30) days from the date of adoption of this report, detailing but not limited to the following;-

- i. what happened to the budgets that were appropriated for the projects
- ii. Action taken if any by the Department in dealing with the contractors who were awarded the contracts where some have not commenced and others stalled despite lapsing of the contract periods.
- iii. The accounting officer to ensure that the sector's development budget as approved is implemented to the later in linewith the provisions of section 53(2) of the Public Procurement and Assets Disposal Act,2015.

- iv. The Committee directs that the Lands Inventory Report should be availed detailing the land owned by the County Government to address the hitches in the construction of the Ward Offices.

## 2. Acquisition of Assets - Completed Projects not Operational

Under the Ministry of Health and Sanitation, the following dispensaries built at a total cost of Ksh.9,338,445 were completed but were not being utilized because of lack of equipment and staff:

Table 25. Dispensaries not operational

Dispensaries	Cost (Ksh.)
Maternity Wing at Kimaeti Dispensary and Myanga dispensary	4,523,414
Nabukhisa Dispensary in Tuuti/Marakaru Ward	2,571,511
Maternity Wing at Lurare Dispensary and Lukhoba Dispensary in Maraka Ward	2,243,520
<b>Total</b>	<b>9,338,445</b>

Although the Management has indicated that the County Executive is in the process of staffing and equipping the dispensaries, value for money may not have been realized and service delivery may not have been obtained by the residents of the County for the expenditure incurred of Ksh.9,338,445.

### Management Response

The management concurred with the Audit findings and submitted that the ministry completed the following projects but by the end of the financial year they were not operational.

Dispensaries	Costs (Ksh)
Maternity wing at Kimaeti Dispensary and Myanga dispensary	4,523,414
Nabukhisa dispensary in Tuuti/ Marakaru ward	2,571,511
Maternity wing at Lurare dispensary and Lukhoba dispensary in Maraka ward	2,243,520
<b>Total</b>	<b>9,338,445</b>

The current state for the projects is as shown below:

Table 26. Current Status of Dispensaries not operational

Dispensaries	Costs (Ksh)	Current Status
Maternity wing at Kimaeti Dispensary and Myanga dispensary	4,523,414	<ul style="list-style-type: none"> <li>• Kimaeti maternity wing operational.</li> <li>• Myanga dispensary awaiting equipping</li> </ul>
Nabukhisa dispensary in Tuuti/ Marakaru ward	2,571,511	Awaiting equipping
Maternity wing at Lurare dispensary and Lukhoba dispensary in Maraka ward	2,243,520	Operational
<b>Total</b>	<b>9,338,445</b>	

### Committee Observations

The Committee notes and applauds the Department for effective and efficient implementation of projects save for unrealistic budgetary allocation for programmes that led to either cancellation or insufficient funds for equipping the completed projects.

### Committee Recommendations

The Department should be realistic with proposed allocations towards projects in consultation with the relevant works officers in the formulation of Bills of Quantities and all requirements. The committee therefore directs the Department to make budgetary allocation towards equipping of the dispensaries herein in order to operationalize them.

### 3. Renovation of Matisi Market

The Ministry of Trade, Energy and Industrialization awarded a contract for the renovation of Matisi market to a local company at a contract sum of Ksh.12,422,753, through competitive open tendering process. The contract was signed on 23 March, 2017. The final certified payment of Ksh.1,858,117 on the contract was made during the year under review. However, physical verification of the project in the month of September, 2019 revealed that despite the works of renovation being complete, painting and decoration works on interior plastered wall surface billed at Ksh.830,145 was poorly done and the paints were peeling off. The rain water harvesting



installation billed at Ksh.37,690 was not properly done as some gutters were not well fixed and water flowed down the walls whenever it rained while the Project site was not secured by a perimeter fence.

Consequently, the County Executive may not have achieved its targets and value for money may not have been realized while service delivery may not have been obtained by the residents of the County.

### **Management Response**

The management agreed with the Audit findings and stated that;

a) **Painting**

The paint works were executed in January 2018. However, given the lack of occupation and general exposure to weather elements the painting is slowly eroding. The final inspection report on defects conducted in February, 2019 certified the works to be in good condition.

b) **Rain water harvesting installation**

The rain water installations were in good condition at the time of final inspection in January, 2019. Similarly, due to passage of time some gutters are likely to fall off. The management will be carrying out some minor repairs to restore the functionalities.

c) **Project site not secured**

The project site has since been secured.

### **Committee Observations**

During the site visit to the project, the committee found the following;

- i. Renovation works were complete,
- ii. Painting and decoration works on interior plastered wall surface was poorly and hastily done and the paints were peeling off.
- iii. The rain water harvesting installation was not properly done as some gutters were not well fixed and water flowed down the walls whenever it rained

- iv. While the Project site was secured by a perimeter fence, the gate was not locked and thus the site can easily be accessed.
- v. Consequently, the County government could not have achieved its targets; rather the value for money was not realized since the intended purpose of the market remains a mirage to the residents of the County.

#### **Committee Recommendation**

The Committee directs that for effective and efficient realization of value for money, the department liaises with the Department of Agriculture with a view of change of the user and avails a report to the County Assembly within 90 days from the date of the adoption of this report.

#### **4. Renovation of Myanga Market**

A local contractor was awarded a contract to renovate Myanga Market in Bungoma County at a contract sum of Ksh.16, 928,818, following a competitive tendering process. The contract was signed on 20 March, 2017. The final payment on the contract of Ksh.2,379,496 was made on 31 January, 2019.

The Project inspection procedure conducted on 19 September, 2019 revealed that the following works costing Ksh.3,693,600, which were part of the contract, were not carried out despite having been paid for as hereunder.

Table 27. Myanga Market Work's not done

<b>Description</b>	<b>Cost (Ksh.)</b>
Rain water installation (gutter work, pvc gutter and fittings)	399,800
Painting of 900x600mm high doors 52 No. made of 25mm block board	104,000
75mm brass hinges 104 pairs	26,000
75mm D handle 52 No.	5,200
Cupboard locks 52 No.	7,800
Painting timber surfaces not exceeding 100m girth 156 LM	39,000
Painting timber surfaces not exceeding 100m-200m girth	31,200
Terrazzo floor finish 222 SM	672,600
Vibrated reinforced concrete in beams, columns, worktops 75mm thick and 150mm thick slab	1,491,000
Supply and install high tensile steel reinforcement bars	917,000
<b>Total</b>	<b>3,693,600</b>

Management has explained that the scope of works for the project was expanded upon handing over of the site by the National Government to include driveway access and general external works, which necessitated scaling down some contracted items so as to maintain the contract sum. However, no schedule of approved re-measurements for works alleged to have been expanded or scaled down by the Ministry of Roads and Public Works was availed for audit review.

Under the circumstances, it was not possible to confirm whether the County Executive obtained value for money in the expenditure of Ksh.16,928,818.

### **Management Response**

The management could neither confirm nor deny the Audit findings.

### **Committee Observation**

From the fact finding exercise undertaken by the Committee it was clearly established that:

- i. There lacked rain water installation (gutter work, pvc gutter and fittings)
- ii. There was no Terrazzo surface
- iii. There was no timber paintings
- iv. There were no steel reinforcement bars
- v. There was no lighting
- vi. The shelves were malfunctional.

- vii. The county did not obtain value for money

### **Committee Recommendations**

- i. The committee recommends for the **surcharge of Ksh. 3,693,600** to the Chief Officer in the Department and avail a report to the County Assembly within 60 days from the date of the adoption of this report.
- ii. The Committee recommends for the forthwith termination of the contract and the Department should avail a report to the County Assembly after 60 days from the date of the adoption of this report.
- iii. That due diligence should always be undertaken over the capabilities of the contractors before awarding of tenders by the County Government of Bungoma.

### **5. Chwele Fish Farm**

The County Executive established Chwele Fish Farm as a model fish farm that was to be used in training the locals on ways of ensuring continued food production in the County and, hence achievement of food security as one of the Big 4 Agendas of the Country. However, during the

year under review, the Department of Agriculture, Livestock, Fisheries and Co-operative Development allocated a budget of only Ksh.1,744,416 for the running of the Farm.

An audit inspection of the Farm, carried out in the month of September, 2019 revealed that the ponds were slowly silting and hence could not be used in successful fish farming. Additionally, the streams used in watering the ponds had silted and needed dredging. Management indicated that Ksh.2,600,000 had been allocated in the proposed supplementary estimates for 2019/2020 for removal of silt from the ponds and flood controls.

In the circumstances, Chwele Fish Farm may not have achieved its objective of improving food security in Bungoma County since funds allocated for its running were not sufficient.

### **Management Response**

The management acknowledges and concurs with the audit observations. To this end, a contractor was procured and progressive desiltation works were done. However, for sustainability, the Department will set forth a periodic regular desiltation, maintenance schedule so as to maintain/put siltation under control.

### **Committee Observations**

The Committee observed the following;

The Ambass Company that was awarded the tender did not adhere to the contract as specified since by the time of the committee visit, the site was abandoned with no evidence of works done thus; repairing the fence, opening up of drainage canals and raising of the dykes and placing of the chain link.

The contract for the desiltation of Phase II in Section A and C was not yet awarded, awaiting for the finalization of the BQ by the quantity Surveyor.

A company known as Before Seven Contractors, awarded a contract of Ksh. 2.7 Million to support the construction and redesigning of the hatchery due low temperatures along the channels and put up a greenhouse to help produce the eggs for the hatchery, did not do the works.

A company known as Geobim Contractors Limited Company, awarded a contract of Ksh. 1.5 million to supply fish feed has never delivered the same despite the amount having been paid in full.

The committee was informed that the farm faces the enlisted challenges:

- i. Lack of fish feed and meal
- ii. Lack of hormones and chemicals
- iii. Lack of a training Hall
- iv. Lack of modern ablution block and;
- v. Catering facilities

### **Committee Recommendations**

This Committee strongly directs for the blacklisting of Geobim Contractors Limited Company from undertaking any other business with the County Government of Bungoma for not supplying the feeds as contracted despite being paid in full.

The Accounting Officer be surcharged the lost amount of Ksh. 1.5 Million and a compliance report be furnished to the County Assembly of Bungoma after 60 days from the date of the adoption of this report.

The committee recommends that the relevant investigative agencies take up the matter with a view of holding to account the directors of Ambass Company and Before Seven Contractors.

### **6. Delays in Implementation of Ward-Based Projects**

During the year under review, the County Executive Management entered into contracts for one hundred and thirty-eight (138) Projects relating to construction of bridges, overhaul of roads and other infrastructure and civil works in the wards (ward based Projects) at total contract sums of Ksh.731, 596,940. However, it was noted that:

- a) Some of the Projects had been inspected and certified for payments, but had not been paid for as at the close of the financial year under review. Management indicated without evidence, that the payments have since been settled in the financial year 2019/2020.
- b) Some contractors of Projects in Musikoma, Ndivisi, Maeni, Sitikho, Kimaeti and Mukuyuni wards and Webuye East Sub-County, which had done 20%, 50%, 40%, 60%, 60%, 40%, and 20% respectively of the works they were contracted to do had abandoned work due to non-payment, despite there being sufficient budgetary allocation for these Projects.

Management has attributed non-payment for completed and certified Projects to IFMIS challenges usually experienced towards the end of financial year and indicated that the contractors have since been paid in the year 2019/2020, but has not indicated whether the contractors who had abandoned work have returned.

In view of the above, the County Executive may not have achieved its objectives as approved by the Assembly; hence benefits from these Projects may not be realized by the residents of the County.

### Management Response

The Department had taken necessary action to clear all projects certified and approved for payments but due to the IFMIS system inherent challenges mostly experienced at the close of Financial Year some of the projects failed to go through. However, the Department has since made payments to contractors as per the attached payment status report

The highlighted projects refer to the projects budgeted under CEF 2018/2019. During the financial year 2018/2019 there was a County Allocation of Revenue Act (CARA) stalemate after the counties requested for more funding from the National Treasury. This subsequently delayed the approval of the revenues allocated to County Governments until in October, 2018. As a result, there was a delay in procurement of the projects planned for in the year. However, all the projects were later procured and undertaken as per the annexed list. Below is a summary of the implementation status of the projects highlighted on this issue.

Table 28. Delayed Implementation of CEF Projects

S/N O	TENDER NO	TENDER NAME	CONTRACT OR	CONTRA CT SUM	AMOUN T PAID	BALANC E	STAT US
1	BGM/CNTY/ OT/CEF/247/ 2018-2019	PERIODIC MAINTENANC E ROADS IN SITIKHO WARD	MS SIMSPUR ENTERPRISE S LTD	9,512,580	9,502,128	10,452	100%
2	BGM/CNTY/	PERIODIC	MS	8,738,048	7,068,750	1,669,298	97%

S/N O	TENDER NO	TENDER NAME	CONTRACT OR	CONTRA CT SUM	AMOUN T PAID	BALANC E	STAT US
	OT/CEF/251/ 2018-2019	MAINTENANC E OF ROADS IN MUSIKOMA WARD	FLASHBRIGH T CONTRACTO RS LTD				
3	BGM/CNTY/ OT/CEF/257/ 2018-2019	PERIODIC MAINTENANC E OF RAODS IN KIMAETI WARD	MS BILLUCK ENTERPRISE S LTD	7,497,776	7,490,410	7,366	99%
4	BGM/CNTY/ OT/CEF/270/ 2018-2019	PERIODIC MAINTENANC E OF ROADS IN MUKUYUNI WARD	MS NAMBAYA NATELA ENTERPRISE LTD	9,485,784	9,452,376	33,408	100%
5	BGM/CNTY/ OT/CEF/274/ 2018-2019	PERIODIC MAINTENANC E OF ROADS IN MAENI WARD	MS JESSISHAM	8,473,660. 8	8,155,121. 4	318,539.4	100%
6	BGM/CNTY/ OT/CEF/277/ 2018-2019	CONSTRUCTI ON OF KHAKUTA CROSSING IN NDIVISI WARD	MS KEMASHA INVESTIMEN T LTD	5,895,120	5,823,200	71,920	100%

### COMMITTEE OBSERVATIONS

The Committee observes that indeed the projects under the department were completed and paid for as submitted

## COMITTEE RECOMMENDATIONS

The department to ensure projects are executed within the planned timelines to forestall queries

### 7. Long Outstanding Un-Collected Property Rates Arrears

The statement of receipts and payments reflects County Executive's own generated receipts of Ksh.674, 998,437 as poll (land) rates of Ksh.16, 042,434. However, the County Executive had land rates arrears not collected since the inception of the County Government totalling Ksh.125,283,300 as at 30 June, 2019 as highlighted below:

Table 29. Long Outstanding Uncollected Property Rates

No	Sun County	Amount (Ksh.)
1	Mt Elgon	2,901,377
2	Kanduyi	48,704,812
3	Chwele/Kabuchai	5,524,028
4	Tongaren	2,030,706
5	Sirisia	5,470,152
6	Bumula	3,398,193
7	Webuye East	51,040,857
8	Webuye West	5,502,724
9	Kimilili	710,451
	<b>Total</b>	<b>125,283,300</b>

Further, it was noted that the Department of Lands did not have an updated register of the arrears. Management explained that a Negotiation Committee on Rates had been established to document and monitor how customer payment plan and legislations supporting property rates will be enacted.



Management submitted a listing of payments from the automated revenue management system, showing land rates payment of Ksh.70, 898,577. However, the listing had no dates and it was therefore, not possible to establish the period to which the payments therein related.

Consequently, non-collection of all due revenue may have denied the County Executive funds for service delivery to its residents due to weak controls over revenue collection and management.

**Management Response:**

The Management agrees with the auditor's finding and stated as follows including the action taken;

The outstanding property rates are high as observed by the audit. The management has begun a more aggressive approach to ensure the land rates are paid. The County Executive committee member for Finance and Economic Planning has appointed and established a negotiation committee on rates. The committee will document and monitor the customer payment plan. Rate payers who fail to comply will have legal action instituted against them.

The management is also pursuing the responsible Department to ensure all legislations supporting property rates payment are enacted.

The County Government has since undertaken the following action so as to foster collection and performance of property rates;

Formation of a reconciliation and negotiation committee – The Committee has since reconciled all property rates listing and further negotiated for the settlement of Ksh. 10,250,452 of the outstanding arrears. This is an improvement from Ksh. 3,767,338 collected for the similar period last financial year from property rates.

- i) Demand notices have been issued to the debtors. However, the response has not been positive
- ii) Introduction of waivers so as to foster voluntary payments. Controls have also been put in place so as to ensure that the Waiver Management is not abused
- iii) The County Government has also adopted the National Rating Act, Cap. 267 and the National Valuation for Rating Act, Cap. 266 for the purpose of imposition of rates on land and buildings within the County. This will also help the County Government to value land for the purpose of rates and for other purposes incidental to or connected therewith.

### Submission from the Department of Lands

The management stated as follows;

- i. That there was a revised Rating Act CAP of 2012 that provides the rates framework
- ii. The audit based on wrong LIFOMS data from sub counties like Kanduyi where total outstanding rates including penalties was captured as rate arrears on various plots by the defunct local authorities for example on tenant purchase housing scheme plots whose annual rate is about Ksh. 1,300 for an allocation done in 1992. Thus the wrong figures kept clients off even in cases where waivers were granted.
- iii. Government plots included in arrears list thus increasing the arrears figures when some of the plots are supposed to be zero rated or exempt.
- iv. That with the coming of devolution, all matters thereto revenue collection and revenue ledgers are being handled by the Directorate of Revenue while lands handles administrative mandate in land rates management including Valuation of plots for the purposes of rating in accordance with The Valuation for Rating Act CAP 266, designation of ratable arrears, enforcement of rate defaulters, designing various Rating methods in accordance with The Rating Act CAP 267 and management of plot transactions like transfers, amalgamation, survey, sub division, consent to charge and sub-lease.

The management further stated that as a way forward;

- i. The Department is in collaboration with the Finance Department in improving the collection by reconciling the figures according to the law.
- ii. Through a waiver sought on accumulated penalties has improved collection of the rates as compared to the pervious full year report of Ksh. 14 million that was availed to the committee during the interrogation.
- iii. The Department in collaboration with the Finance Department has identified the rate defaulters and is in the process of instituting court proceedings over the same.
- iv. The Department has submitted a draft Valuation Roll to the County Assembly for Bungoma and Webuye Municipality plots awaiting approval to improve the enforcement process.

### Committee Observations

The committee observed that there were no demonstrable efforts by the Departments of Lands and Finance in improving the collection of rates arrears by reconciling the figures as there was no evidence tabled to that effect.

The committee has noted the strategies put in place by the Department to ensure continued growth in revenue collected by the County Government of Bungoma for subsequent years.

### Committee Recommendations

The Department of Finance and Economic planning to fully implement the strategies put in place to ensure maximum collection of Appropriation in Aid including the uncollected Arrears. The Cabinet to take a position on this matter and submit a plan to the County Assembly within 60 days on how the County intends to ensure the outstanding property rates are collected.

The Sectoral Committee on Lands, Urban and Physical Planning should fast track the consideration and approval of the Valuation Roll tabled.

The Committee directs the County Public Service Board in liaison with the County Department of Lands, Urban and Physical Planning to expedite the recruitment of a County Valuer and table a report after 90 days from the date of adoption of this report.

## **8. Human Resource**

### **8.1 Lack of Approved Staff Establishment and Policies**

During the year under review, the County Executive operated without an authorized staff establishment and there were no policies to manage staffing, posting, training, skill retention and succession. Consequently, it was not possible to establish the criteria used by the County Public Service Board to fill positions in the various job groups, leading to more employees in the lower grades than in the higher technical positions. Management has indicated, without evidence, that staff establishment is in draft form and Human Resource Policies and Procedures Manual, Human Resource Training and Development Policy, Internship Policy, Rewards and Sanctions Policy, Succession Management Policy and Skills and Competence Framework have been customized to give clear operating guidelines to County Human Resource.

The County Executive therefore, may be managing its human resource without clear operating guidelines and policies.

### **8.2 Lack of Policy Frameworks**

As previously reported, the Executive may have not operationalized the following policy frameworks for implementation:

- ICT Revenue Frameworks
- County Training Policy
- County Transport Policy
- County Trade Development Policy
- County Urban Development Policy

- County Housing Policy
- County Supply Chain Management Policy
- County Energy Development Policy
- County Vocational Training Policy
- County Livestock Management Policy

Further, no evidence was provided to confirm that the Risk Management Policy Framework has been operationalized despite the same having been completed.

In the circumstances, Management of the County resources operated without clear operating guidelines.

**Management Response:**

The Management agrees with the auditor’s findings and would wish to comment as follows including the action taken;

- i. **ICT Revenue Frameworks** – The Policy is not in place. The County Government through the Office of the County Secretary is in the process of developing a comprehensive ICT Policy that is expected to cater for Revenue Frameworks
- ii. **Risk Management Policy Framework** – The Policy has been developed but had not been operationalized by the time of the audit. Sensitizations have since been made to the Departments through the various Internal Audit Reports. All the Departments are currently aware that they need to have a risk register in place

In order to operationalize the Risk Management Policy Framework, the County Government had planned to undertake a training of the officers concerned. The delay was caused by Covid-19 effects that had debarred gatherings.

The training by ICPAK has since been scheduled.

- i. **County Vocational Training Policy**

The County Vocational Training Policy has been developed and is in the process of being gazetted by March 15<sup>th</sup> 2021.

- ii. **County Transport Policy**

The County has been using the National Policy on transport. The Department doesn't have roles in development of the transport policy, but Department of Public service management.

- iii. **County Livestock Management Policy-** The management submitted that the said policy has since been developed and the Department has also had an engagement with the sector committee on Agriculture on the same.
- iv. **County Urban Development Policy-** The policy is in Draft form and tabled at the County Executive Committee for consideration before committal to the County Assembly for approval.
- v. **County Housing Policy-**The policy is currently approved by the County Assembly and has been published and is being implemented.
- vi. **County Trade Development Policy-** The Policy is not in place
- vii. **County Energy Development Policy-** The Policy is not in place


**Committee Recommendation**

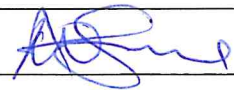
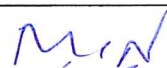

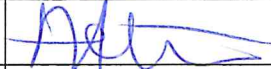
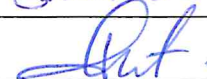
The committee directs that the Departments fast tracks the operationalization of the approved policy frameworks and status reports be submitted to the County Assembly within (60) days from the date of adoption of this report.

The Committee further directs the fast tracking of the Policies that are yet to be developed in order to enhance management of human resources with clear operating guidelines.

**ADOPTION SCHEDULE**

**Mr.Speaker Sir, we the Members of the Public Accounts Committee having prepared this report, hereby Append our signatures adopting it.**

No	Name	Designation	Sign
1	Hon. Tony Barasa	Chairman	

2	Hon. Joseph Magudah	Vice Chairman	
3	Hon. Everlyne Mutiambu	Member	
4	Hon. Winnie Nyambok	Member	
5	Hon. Erick Wapang'ana	Member	
6	Hon. Metrine Nangalama	Member	
7	Hon. Elly Tindi	Member	
8	Hon. Jerusa Aleu	Member	
9	Hon. Martin Pepela	Member	
10	Hon. Busolo Sudi	Member	
11	Hon. James Chesibok	Member	



APPENDIX(I)

PRIOR YEAR MATTERS

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS OF BUNGOMA COUNTY EXECUTIVE FOR THE YEAR ENDED 30TH JUNE, 2018

Ref. No.	Issue / Observations from Auditor	Recommendation of the PAC Committee	Management comments	Focal Point person to resolve the issue (Name and designation)	COMMITTEE OBSERVATIONS	Status: (Resolved / Not Resolved)
1.	<b>The accounts payables- deposits and retentions</b>	<p>The management should ensure that the provisions of the Public Finance Management Act 2012 and the Constitution of Kenya on public funds and public finance management (County Governments) Regulations 2015 are fully complied with</p> <p>The committee reiterates that the audit query remains material and directs the accounting officer to settle the query and submit a report to the</p>	<p>The County Treasury has since opened a Deposits Account at the Central Bank of Kenya. The bank account was opened and operationalized in the year 2016/2017. The Management provides an assurance that a similar audit query will not arise</p> <p>The retention amount of Kshs.78,484,675 has since been substantially settled. The Management has since initiated for the transfer of the balance of KShs.8,936,736.05 from the County Revenue Account to</p>	N/A	Resolved	Resolved
				Director, Accounting Services	Resolved	Substantially resolved

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		County Assembly within 60 days from the adoption of this report.	the Deposits Account. Engagements have been initiated through the Office of the Controller of Budget who are still undertaking verification			
		The committee recommends that government planned programmes/projects should always be shielded from political interference	The Management took note of the recommendation and has registered improved budget absorption	CECM, Finance and Economic Planning	Resolved	Significantly resolved
2.	<b>Overall Budgeted Performance</b>	Government programmes/projects should be funded and be implemented in accordance with the budget provisions	The County Treasury has since directed the Accounting Officers to establish a Budget Implementation Committee that is expected to follow through the implementation of the budget in the Departments	N/A	Resolved	Resolved
3.	<b>Detailed Budget Variance Analysis</b>	The accounting officers should ensure that the department always exercise budgetary control measures and	The County Treasury has since directed the Accounting Officers to establish a Budget Implementation Committee that is expected to follow	Respective Accounting Officers	Resolved	Significantly resolved



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		<p>also that the county government spending is done within the approved budgets as one way of forestalling unnecessary audit queries, besides pending Bills.</p>	<p>through the implementation of the budget in the Departments</p>			
4.	<p><b>Expenditure Analysis Per Ministries</b></p>	<p>The committee hereby recommends that in future, accounting officers designated to County Government entities should ensure that robust measures are put in place so that the entities remain focused on their pre-planned targets and/or objectives and also ensure that the programmes of all government entities are adequately ring-fenced and cushioned from the effects</p>	<p>The County Treasury has since directed the Accounting Officers to establish a Budget Implementation Committee that is expected to follow through the implementation of the budget in the Departments</p>	N/A	Resolved	Resolved

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		<p>electioneering periods and the attendant transitions</p> <p>The committee also recommends that all projects and program funds should be ring-fenced within the department's budgets and released in a timely and effective manner. Releases should be prioritized by the project managers and the county treasury, respectively.</p> <p>The accounting officers in liaison with the county treasury must at all times ensure that all relevant documents relating to financial statements are submitted and/or availed to the Auditor-General for audit</p>			Resolved	Significantly resolved
			<p>The County Treasury has since engaged and instructed the Accounting Officers to prepare the Procurement Plans on time for timely processing of procurement requisitions</p> <p>The establishment of Budget Implementation Committees is also expected to provide effective budget implementation</p> <p>The Management notes the concern and has progressively committed to availing the documents on time.</p> <p>It should also be noted that the Auditor General will always report on this issue as it is one of the mandatory reporting</p>	Respective Accounting Officers		N/A

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		verification as and when required pursuant to the provisions of section 164 of the PFM Act, 2012 and Article 229 of the Constitution of Kenya, 2010 respectively to forestall audit queries.	lines that is indicative of budget performance			
5.	Overall Local Revenue Performance	It is recommended that the accounting officer puts in place adequate measures to ensure revenue is collected as per the budget and should also prioritize automation of all local revenue collections.	Several initiatives have been undertaken to foster revenue performance as indicated in the various reports forwarded to the County Assembly. The initiatives are classified as; a) Legislative – The laws and regulations that have been developed even as other remain in draft form b) Technological – Improved Revenue Management System to provide an effective and appealing platform for effecting payments and	Director of Revenue	Unresolved	Significantly resolved

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			<p>receiving as well as revenue management –</p> <p>c) Administrative Continuous engagement with stakeholders, reconciliations etc</p>			
6.	<b>Overall Project Implementation Performance For The Year</b>	The accounting officer should ensure that all planned activities are strictly implemented as budgeted.	The Management notes the concern and has addressed the matter through the requirement that the Departments prepare the Annual Procurement Plan early enough to facilitate project initiation and completion	Respective Accounting Officers	Unresolved	Significantly resolved
7.	<b>The pending accounts payables figure of Kshs.725,731,414</b>	The accounting officer should ensure that all eligible and approved pending bills are settled within a reasonable time especially in circumstances where funds have been provided for	The concern on pending bills has largely been occasioned by delayed Exchequer Releases. All the eligible pending bills relating to the year 2017/2018 have since been paid	Respective Accounting Officers	Unresolved	Resolved
8.	<b>Long Outstanding Un-Collected</b>	The accounting officer	The Management has	Director of	Unresolved	Significant

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	Revenue Arrears - KShs. 221,347,558	should put in place adequate measures and ensure that revenue due to the county government is duly collected	undertaken several initiatives to foster voluntary settlement of the arrears. The measures include; a) Issuance of demand notices b) Waivers and concessions c) Reconciliation and negotiation	Revenue		ly resolved
9.	<b>Failure To Adhere To The Fiscal Responsibility Principles</b>	The accounting officer should always ensure that all transactions pertaining to public finances as observed above are always in compliance with the provisions of the PFM Act more particularly sections 41 & 47 of the PFM Regulations,2015.	The Management has since recorded an increase in expenditure on development. The current absorption is above 30%  There has been a concern on the wage bill that is progressively handled through initiated measures such as; a) Recruiting only critical staff b) Stopped the engagement of casual employees	Development - Respective Accounting Officer  Expenditure on personnel emoluments - County Secretary/CP SB	Unresolved	Expenditure on development - Resolved  Expenditure on personnel emoluments - Partially resolved



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10	<b>Re-Allocation Of Vote Heads</b>	The accounting officer should always ensure that all transactions pertaining to public finances as observed above are always in compliance with the provisions of the PFM Act more particularly sections 41 & 47 of the PFM Regulations, 2015.	among other  The Accounting Officers have since been sensitized on the various provisions of the PFM Act, 2012	Respective Accounting Officers	Unresolved	Partially resolved
11	<b>Long Outstanding Imprests</b>	The accounting officer should always ensure that imprests are accounted for in time in line with the requirements of Section 94 of the PFM (County Government) Regulations, 2015	The imprests were fully surrendered as noted in the report.		Resolved	Resolved
12	<b>Incomplete Fixed Assets Register</b>	The accounting officer should ensure that an updated Fixed Assets	The Assets Register is currently maintained	Head of Supply Chain Management	Resolved	Resolved

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		Register is maintained at all times in line with the requirements of Section 136 of the Public Finance Management (County Governments) Regulations, 2015				
13	<b>Management of all County Insurance of Assets</b>	The accounting officer should ensure that sourcing for insurance services is pooled to reap from the benefits of economies of scale. It is further recommended that the accounting officer should ensure that insurance services are centralized.	The services have not been centralized. However, the Management commits to ensure that the services are centralized as soon as possible	CECM, Finance and Economic Planning	Unresolved	Not resolved
14	<b>Incomplete Development of a Data Center-</b> The County made payment of	The accounting officer to ensure that the implementation of the	At the time of the audit, the equipment were not yet installed as the delivery was made towards the end of the year. The data center	Public Administration	The Committee observed the following; (i)The building is complete;	Not resolved

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	<p>Kshs.4, 975,490 to a local computer dealer for setting up a data center. However, physical verification of the project under implementation revealed that the equipment costing were Kshs.3, 634,500 supplied but were not installed for use.</p>	<p>remaining phase two of the said project and its operationalization is Fas tracked. A status report be submitted to the County Assembly within (90) days from the date of adoption of this report.</p> <p>Irregular Partitioning of Leased office space</p>	<p>was to be completed in two phases. In phase one of the implementation, the components listed above were acquired, most of which have been installed and are in use as verified by the auditor. Phase two of the implementation is at an advanced level of procurement. The implementation of phase two will make the center fully functional.</p>		<p>(ii)The cooler is not installed and operationalized;and (iii)There are wrangles among farmer's groups over the management of the plant.</p>	
15	<p><b>Irregular Partitioning of Leased Office Space-</b> A local contractor was paid Kshs.13,518,652 for partitioning a</p>	<p>Arising from the inconsistencies noted upon scrutiny of the lease agreement and the contract award for partitioning of the</p>	<p>The partitioning was in order since the office space was under the County government The payment was not captured</p>	<p>Public Administration</p>	<p>No report on any investigation carried out</p>	<p>Unresolved. The response is unsatisfactory</p>



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	<p>leased office space.However,the following anomalies were noted in the transaction:-</p> <p>(i)The lease agreement between the County Executive and the landlord was dated 27<sup>th</sup> June,2017 yet the contract award for partition was issued on 26<sup>th</sup> April,2016 which was way ahead of the lease agreement.</p> <p>(ii)The agreement is dated but did not state the period of the works.Inspection and acceptance committee report is dated 17<sup>th</sup> May, 2017 and certificate of works dated 2<sup>nd</sup> May, 2017,all before the lease was agreed upon.</p>	<p>office space and lack of budgetary allocation, the committee suspects possible fraud in the leasing of the premises and partitioning of the office space and therefore holds the County Secretary entirely responsible and thus recommends that the Office of the Director of Criminal Investigations(DCI) to take up the matter with a view to bringing all those culpable officers to book pursuant to the provisions of section 196(1),(3)&amp; (7) of the Public Finance Management Act, 2012.</p>	<p>as a pending bill of the year 2016/2017 as it was a commitment and the payment had not accrued.</p>			

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	(iii)The payment was made in June, 2018 though not listed among the pending bills as at 30 <sup>th</sup> June, 2017. Therefore, the payment had not been budgeted during the year under review.					
16	<p><b>Compensation of employees-</b></p> <p>The County Executive recruited (27) employees in different groups. However, the following irregularities were identified in the recruitment-</p> <p>(i) There was no approved recruitment plan and intents from the ministries;</p> <p>(ii) The positions were not advertised to ensure competitive recruitment;</p> <p>(iii) There were no shortlisting minutes, interview score sheets and</p>	<p>The committee recommends that the County Public Service Board to revoke employment of the 27 staff whose engagement was marred with irregularities by invoking the provisions of section 75 of the County governments Act, 2012 which provides that. Further, the committee</p>	<p>The employees recruited were personal staff. The include Governor's security details, the communication officers, ie, Governor's press service, the protocol officers, the gardener, cook, Governor's/Deputy Governor's personal assistants and chief of staff. These are personal staff attached to the office bearers. On the part of officers being given higher job groups, already that anomaly was detected for the affected officers and a corrective measure taken by</p>	<p>No action taken as recommended</p> <p>CPSB</p>	<p>Not resolved</p>	

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	<p>authority from the County Public Service Board to the County Secretary to appoint employees. Further, it was noted that six(6) staff members were not appointed to the correct job groups. In addition, the County Executive absorbed four hundred and two(402) casual employees into permanent and pensionable terms during the year under review without following necessary recruitment procedures such as advertising for vacant positions to pave way for competitive recruitments, gender and regional balancing of staff. Consequently, the legality and competitiveness of the recruitment process could not be verified.</p> <p>Management comments</p> <p>The employees recruited were personal staff. They include Governor's security details, the communication officers, ie, Governor's press service, the</p>	<p>recommends that, the County Payroll Manager to stop immediately payment of salaries and the attendant emoluments to the affected 27 staff and a comprehensive compliance report be prepared and submitted to the County Assembly within 30 days from the date of adoption of this report.</p> <p>As for the Six members of staff who were not appointed to the correct job groups, the committee hereby directs that a comprehensive report detailing measures or</p>	<p>lowering the grade for those who didn't have the requisite qualifications and salaries re-adjusted to be commensurate with the qualifications. The salaries for the affected have been lowered and resultant overpayments effected.</p>			

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	<p>officers, the gardener, cook, Governor's/Deputy Governor's personal assistants and chief of staff. These are personal staff attached to the office bearers.</p> <p>On the part of officers being given higher job groups, already that anomaly was detected for the affected officers and a corrective measure taken by lowering the grade for those who didn't have the requisite qualifications and salaries re-adjusted to be commensurate with the qualifications. The salaries for the affected have been lowered and resultant overpayments effected.</p>	<p>action taken to regularize the anomaly including any disciplinary action taken against those officers who may have in one way or another been party to, facilitated, contributed to, or failed to prevent the commission of or failed to comply with an obligation imposed by the relevant act in regard to the circumstances surrounding the irregular appointment and absorption of the said members of staff, be similarly prepared and submitted to the County Assembly within (30) days from the date of adoption of this report.</p>				



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17	<p><b>Purchase and distribution of tree seedlings</b></p> <p>Kshs.3,190,000 was spent on purchase of seedlings for distribution to farmers. However, no schedule of beneficiaries was available for verification hence usage and equitable distribution could not be confirmed.</p>		<p>The tree seedlings were properly received and entered in the stores cards. The stores cards and distribution schedule have since been reviewed by the auditor.</p>	Agriculture and Livestock	Unresolved	
18	<p><b>Rehabilitation of Akola dam</b></p> <p>Kshs.297,643,681 was utilized for the overhaul and refurbishment of Akolla Dam and includes Kshs.2,699,550 awarded to a local contractor. However, audit inspection conducted on the project on 10<sup>th</sup> Jan, 2018 revealed that the project was completed in March, 2017 but the cattle watering point, sanitary facilities and community watering place were nonfunctional. In addition, the fence</p>	<p>The Committee therefore recommends that the department allocates funds in the budget for the rehabilitation of the dam since its current condition if not addressed on time will lead to complete silting and may be rendered unusable by the community.</p>	<p>The contractor cleared the said works and handed back the project to the client who in turn handed it over to the local community. However, at the time of the audit, the project had been vandalized and some components were not in use. Currently, arrangements are being made through the department of water to put the project to use.</p>	Agriculture and Livestock	The status remain as observed previously	Unresolved

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	<p>which was erected had been vandalized.</p>	<p>management committee should ensure they fully take charge of the dam and any vandalism is repaired by those found responsible.</p>				
19	<p><b>Direct procurement of goods, works and services.</b>  A local supplier was paid a total of Kshs.2,378,000 to supply furniture. However, the Ministry of Agriculture, used direct procurement to procure contrary to sec.91 of the Public Procurement and Assets Disposal Act,2015. Further, the Executive did not provide for audit review notification to authority to use direct procurement, the appointment and minutes of the adhoc evaluation committee</p>	<p>The committee recommends that accounting officers should at all times be guided by the requirements of Section 103 of the Public Procurement and Asset Disposal Act,2015 which spells out conditions which must be fulfilled prior to direct procurement as read together with the provisions of Section 104 of the</p>	<p>Accounting informed the committee that the department used direct procurement to purchase furniture for Mabanga Agricultural Training Centre upon approval from the head of supply chain.</p>	<p>Agriculture and Livestock</p>	<p>Unresolved</p>	

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		sameAct on the procedure for direct procurement				
20	<p><b>Direct Procurement of Supply of Uniforms and choir Equipment</b></p> <p>Ksh. 3,747,681 was used to purchase uniforms for KIKOSCA games from a local firm through direct procurement</p>	<p>The committee recommends that accounting officers should at all times be guided by the requirements of section 103 of the public procurement and Asset Disposal Act,2015 which spells out conditions which must be fulfilled prior to direct procurement as read together with the provisions of section 104 of the said act on the procedure for direct procurement.</p>	<p>The tender was a direct procurement due to KIKOSCA games that were due to be held.Find attached the recommendation of the tender committee approving direct procurement.</p>	Gender and Culture	Unresolved	Unresolved

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21	<p><b>Upgrading of Misikhu –Naitiri – Brigadier Road</b></p> <p>The Contractor has since been paid a total of Kshs. 217,630,234 by the County Executive for the work in progress at 20% completion but has already left the site.</p>	<p>The Committee recommends that the Department of Roads should ensure contracts entered into are completed as per the agreed stipulated period in the contract agreement to enhance development as well as value for money for the benefit of the residents.</p>	<p>Progress work at 20% and the Contractor was not on site- The current completion rate is 35% as verified by the auditor. The project has a contract period of 24 months but due to the political uncertainties and the unusual rainfall experienced during the months of July, 2017 to November, 2017 the contractor requested for more time and submitted a new program of works.</p> <p><b>Possibility of the project stalling</b></p> <p>This is a multi-year project that the County Government has committed to make annual budgetary allocations to ensure that it doesn't stall</p>	<p>Roads and Public Works</p>	<p>The contract not yet concluded.</p>	<p>Unresolved</p>



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22	<p><b>Variation on Construction of Slaughterhouse Road-A</b> local company was paid a total of Kshs.47, 680,180 for the construction of slaughterhouse road measuring 2.4km in Kimilili Sub-County at a contract price of Kshs.86,256,910. However, review of the project status inspection report revealed the following:</p> <p>(i) The contractor deserted site on unknown reasons after completing 1.1km only.</p> <p>(ii) The contract was eventually terminated without putting the contractor to account as per the terms of award of contract.</p> <p>(iii)At the point of</p>	<p>Going forward, CECM Public works must identify all contractors with a poor track record in execution of government contracts and blacklist them from being awarded county government contracts and should also ensure that an up to-date data base on the performance of contractors is maintained and that the data is publicized at all times to enable county government departments make informed decisions when awarding contracts.</p>	<p><b>i.</b> Abandonment of site</p> <p>The contractor left the site after which the County Government made reminders without success. The contract was later terminated and awarded to another contractor after an open tender procurement process that ran from advertisement to award. The termination was mutual and the variation was done and settled.</p> <p><b>ii.</b> Accountability after termination</p> <p>The termination was a sufficient recourse obtained after the works were abandoned as the payments were only made for valued works.</p> <p><b>iii.</b> Payment at 55%</p>	<p>Roads and Public Works</p>	<p>Unresolved</p>	<p>Unresolved</p>

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	<p>termination, the works done were estimated to be less than 45% of the total while payment made was estimated at 55%. No steps were taken against the contractor to recover the overpayment.</p> <p>(iv)The County Executive advertised for the same contract and it was awarded to another contractor for the remaining works at a contract price of Kshs.66,000,000 and subsequently paid Kshs.18, 337,721. The total amount spent on the project was Kshs.104,000,000, resulting into budget overrun and cost escalation by over 21%.</p>		<p>2.4 km is the total length of the entire slaughter house road. The Road was to be implemented in 2 phases. The 1 phase of the Road, 1.5 km was awarded to Aada Construction Company, who executed 1.1km before termination. The remaining 0.4km that was to be carried out by Aada construction was not done. This was implemented in the 2<sup>nd</sup> phase by a different contractor who executed 1.3km to completion.</p> <p>The payment of KShs. 47,680,180 to Aada Construction Company was based on two interim certificates; 1<sup>st</sup> and 2<sup>nd</sup> interim payment certificates. This was based on 1.1km of the 1.5km, hence 73% of the total length</p>			

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			<p>of the road.</p> <p>Cost overrun by 21%</p> <p>The second contractor was issued with a new contract that included the abandoned 0.4km plus other works. The other works included works not in the initial Bills of Quantities;</p> <ul style="list-style-type: none"> <li>• Lime treatment of the sub base layer</li> <li>• Increase in thickness of sub-base from 150mm to 175mm based on the design</li> <li>• Provision of the subgrade materials</li> <li>• Provision of reflective stads (cat eyes)</li> <li>• Provision of road humps and rumble strips</li> <li>• Provision of concrete</li> </ul>			

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			road kerbs and channels			
23	<p><b>Purchase of corrugated steel pipes-</b>A local supplier was paid Kshs.46, 064,273 for the supply and delivery of corrugated steel pipes. However, scrutiny of the payment records revealed the following:</p> <p>(i) The Department of Roads and Infrastructure did not provide needs assessment on how it intended to utilize the pipes which are still in the yard since 30th August, 2017 when they were delivered.</p>	The committee recommends that in future, the department should always carry out need assessment, before implementing the budgeted programmes.	The use of the corrugated iron sheets has subsequently been verified by the auditor. The items were approved in the subsequent supplementary budget of the Financial year 2017/2018 and store records are available		Resolved	

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	<p>(ii) The Department of Roads and Infrastructure purchased corrugated steel pipes, yet it was not in the procurement plan and the budget for the financial year.</p> <p>(iii) The Department of Roads and Infrastructure did not maintain proper stores record to determine usage and stock balance as at 30 June 2018.</p> <p>In the circumstances, the value for money in relation to purchase of corrugated steel pipes totalling Kshs.46, 064,273 may not have been achieved.</p>					

