

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

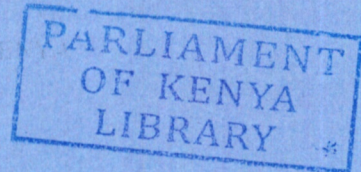
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF  
TANA-RIVER COUNTY ASSEMBLY

FOR THE PERIOD  
1 JULY 2014 TO 30 JUNE 2015





# REPUBLIC OF KENYA

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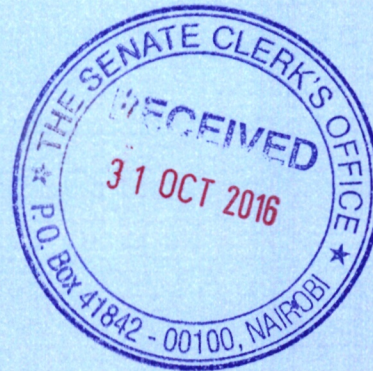


## OFFICE OF THE AUDITOR-GENERAL

Ref: TANA RIVER CA/2014/2015

19 October 2016

**Mr. Mohamed Dube**  
Clerk to the Tana River County Assembly  
P.O. Box 113 - 70101  
HOLA



Dear Mr. Dube

### REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF TANA RIVER COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015

I transmit the report on the examination of the financial operations of Tana River County Assembly for the period 1 July 2014 to 30 June 2015.

The report is submitted in accordance with the provisions of Article 229(7) of the Constitution for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely

*Ed*  
**Edward R.O. Ouko, CBS**  
AUDITOR-GENERAL

Copy to: ✓ **Mr. Jeremiah Nyegenye**  
Clerk to the Senate  
P.O. Box 41842-00100  
NAIROBI

✓ **Mr. Hussein Dado**  
The Governor  
Tana River County Government  
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# **REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF TANA-RIVER FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015**

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## **Executive Summary**

### **Background Information**

The Constitution of Kenya 2010, under Article 176, created the County Governments which include the County Executive and the County Assembly which is the legislative arm of the County Government and consists of the Speaker, elected and nominated Members of County Assembly. The Tana-River County Assembly which is domiciled in Hola Town has 15 elected and 11 nominated Members all totaling twenty six (26).

### **Introduction**

This management and financial operations audit report covers the period 1 July 2014 to 30 June 2015. It was undertaken to assess the adequacy and reliability of the systems of management and financial control instituted by management of the County Assembly to run its affairs with emphasis on utilization of public resources.

### **Terms of Reference**

The office of the Auditor-General is an independent office mandated by the Constitution under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned a management and financial operations audit of the County Assembly of Tana-River for the period 1 July 2014 to 30 June 2015 with the following audit objectives:

- i. To assess management of assets under the control of the County Assembly.
- ii. To assess compliance with the procurement laws in the process of acquisition of goods and/or services.
- iii. To assess compliance with Public Finance Management Act, 2012 in the use of public funds.
- iv. To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds; and,
- v. To confirm that all necessary supporting documents, records, and accounts have been kept in respect of all transactions.

### **Methodology**

The methods used to carry out the audit included the following:

- i. Interviews with key officers at the County Assembly offices;
- ii. Review of applicable legislation and regulations;

- iii. Examination of payment vouchers and support documents, cash books, vote books, bank statements, bank-in slips, miscellaneous receipt books, procurement documents, stores records, asset records, asset registers and other related records;
- iv. Review of minutes of various meetings where there were resolutions on use of public funds
- v. Physical inspection and verifications;
- vi. Observation of processes and activities; and,
- vii. Review of documents used by management to monitor use of funds.

### **Scope and Determination of Responsibilities**

The audit was conducted in accordance with International Standards on Supreme Audit Institutions (ISSAIs). The standards require that the audit is planned and performed so as to obtain reasonable evidence that, in all material respects, expenditure incurred is fairly stated and recording is achieved in all financial transactions.

The matters mentioned in this report are therefore those that were identified through tests considered necessary for the purpose of achieving the audit objectives and it is possible that there might be other matters and/ or weaknesses that were not identified. The formulation and maintenance of effective control measures and compliance with laws and regulations is the responsibility of the management. My responsibility is to report on the weaknesses and non-compliance with laws and regulations identified in the course of the audit.

The sections below highlight audit findings noted during the audit of the financial operations of the County Assembly of Tana River for the period 1 July 2014 to 30 June 2015.

### **Audit Findings**

#### **1.0 Budgetary Control and Performance Analysis**

During the year under review, the County Assembly of Tana-River allocated a total of Kshs.122,500,000 to the development vote and Kshs.412,134,720 to the recurrent vote. Therefore the consolidated budget for the year totaled Kshs.534,634,720. The budget was absorbed as follows:

<b>Item</b>	<b>Budgeted Allocation 2014/2015 (Kshs)</b>	<b>Actual 2014/2015 (Kshs)</b>	<b>Under Absorption (Kshs)</b>	<b>Absorption Ratio</b>	<b>As a Ratio of Total Expenditure</b>
Recurrent	412,134,720	398,034,391	14,100,329	97%	80%
Development	122,500,000	98,396,826	24,103,174	80%	20%
<b>Total</b>	<b>534,634,720</b>	<b>496,431,217</b>	<b>38,203,503</b>	<b>93%</b>	<b>100%</b>

### **1.1.1. Development Vote**

Records presented for audit indicated that out of the sum of Kshs.122,500,000 budgeted for under the development vote, the County Assembly spent a total of Kshs.98,396,826 and therefore recorded an under-expenditure of Kshs.24,103,174 or 20% of the budget. The County Assembly management has not explained why all funds budgeted for construction of buildings, purchase of hand tools and equipment, installation of CCTV cameras, store construction and design and commissioning of a website were not spent. On the other hand, the Assembly exceeded its budgets on refurbishment of buildings, purchase of vehicles and other transport equipment and on purchase of household furniture and institutional equipment. There was no evidence to show that excess expenditure was approved in line with the Public Finance Management Act, 2012.

Underspending on the development vote denies the Assembly infrastructure essential for use by the Members of the Assembly in serving the residents of the County of Tana River while failure to adhere to budget limits weakens financial control that the budget is intended to achieve. No plausible explanations have been provided by the management for these anomalies.

### **1.1.2. Recurrent Vote**

Records made available for audit revealed that out of the recurrent vote budget totaling to Kshs.412,134,720, the County Assembly spent Kshs.398,034,391 on its recurrent programs and activities, hence recording an under-expenditure of Kshs.14,100,329 or 3% of the budget. Therefore the management made commendable effort to operate within its expenditure limits by spending 97% of its recurrent budget.

### **1.2. Salaries to Ward Staff**

Records presented for audit revealed that the County Assembly spent a total of Kshs.10,159,229 on ward staff salaries during the year. It was further noted that the payments were not supported with the names of the payees, their designations and nature of appointment. Further, the County Assembly's staff recruitment and remuneration policy manual was not presented for audit review and in the circumstances, the audit could not establish how remuneration for the staff was determined.

### **1.3. Group Personal Insurance**

Records made available for audit revealed that during the year under review, the County Assembly paid a health insurance service provider a total of Kshs.8,491,383 in respect of health insurance services for staff against a budgeted figure of Kshs.6,690,000 thus resulting in an over expenditure of Kshs.1,801,383. Further, tender documents presented for audit revealed that the contracted value of the services was Kshs.7,924,308. The audit further revealed that the County Assembly made cash



refunds totaling Kshs.567,091 to the intended beneficiaries of the insurance policy even though they were covered by the policy procured at Kshs.8,491,383.

Consequently, the propriety of total expenditure of Kshs.2,368,474 could not be ascertained for the year ended 30 June 2015.

#### **1.4. Mileage Allowances**

Records made available for audit indicated that during the year under review, the County Assembly spent Kshs.23,123,695 on mileage allowances paid to the Members of the County Assembly. However, records made available for audit to support the various claims by the Members of the County Assembly did not include ownership documents on motor vehicles reportedly used by the MCAs. In addition, the claims paid exceeded the limit set by the Salary and Remuneration Commission's (SRC) as they were based on the number of journeys each claimant reportedly made to his or her County Ward, contrary to the SRC circular which sets the maximum amount payable per month at Kshs.39,528. The excess/irregular payments amounted to Kshs.15,541,558.

#### **1.5. Procurement of Goods and Services**

##### **1.5.1 Purchase of Motor Cycles**

The County Assembly set a budget of Kshs.5,000,000 for procurement of motor cycles but spent Kshs.6,682,905 and thus incurred an over-expenditure amounting to Kshs.1,682,905. The management did not provide a satisfactory explanation for the over-expenditure.

##### **1.5.2 Purchase of Furniture**

Records made available for audit revealed that during the year under review, the County Assembly purchased items of furniture from a supplier at a total cost of Kshs. 5,036,000 against a budget of Kshs.2,100,000 and thus overspent on the item by Kshs.2,936,000. Delivery notes were not attached to payment vouchers presented for audit in relation to this expenditure and further, Local Purchase Orders (LPO) indicated that the expenditure related to 'assorted items'. In the circumstances, it was thus not possible to confirm the specific items delivered by the supplier and as a result the propriety of the expenditure totalling Kshs.5,036,000 reported to have been incurred on purchase of various items of furniture could not be confirmed.

##### **1.5.3 Purchase of Photocopier, Laptops, Desk Tops and I pads**

Records presented for audit revealed that the County Assembly budgeted for purchase of a photocopier, laptops, desk tops and I pads at a total cost of Kshs.3,500,000 against a budget of Kshs 2,500,000 and thus over spending the budget for the item by Kshs1,000,000. Apparently, the management had not prequalified suppliers for the photocopiers, laptops, desk tops and I pads. Further, registration documents for the firm contracted to supply laptops and I pads at a cost of Kshs.3,500,000 indicated that it was registered as a building construction company. No explanation was provided for the

unauthorized expenditure and the appointment of a construction company to supply laptops and Ipads.

#### **1.5.4 Construction of County Assembly's Administration Block**

Records made available for audit revealed that the County Assembly incurred expenditure totalling Kshs.32,537,241 paid to a contractor to build an administration building for the Assembly at a total cost of Kshs.35,793,858. Documents on the procurement of the construction services (including tender and award) were not presented for audit. The County Assembly management explained that the County Executive procured and paid for the services on behalf of the Assembly. In the absence of vital records on the appointment of the contractor, it was not possible to ascertain whether the County Executive procured the services as stipulated in the Public Procurement Regulations.

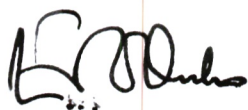
#### **1.5.5 Procurement for Supply, Delivery and Commissioning of Harnsard Conference System**

Records made available for audit revealed that during the year under review, the County Assembly procured a conference communication system and refurbished the Assembly's Chambers to suit a modern sitting arrangement at a cost of Kshs.16,669,000. Payments amounting to Kshs.16,669,000 were made to the supplier by the County Executive on behalf of the Assembly. However, documents to show how the vendor was appointed were not presented for audit and in the circumstances, it was not possible to confirm whether the appointment was done competitively.

#### **1.6 Expenditure on Kenya Week in France**

During the year under review, the County Assembly spent a total of Kshs.9,011,098 on foreign travel to France. However, quotations for air tickets, and hire of training venues and consultants, signed expenditure schedules for sitting allowances paid to Members of County Assembly and staff on the trip, reports on outputs and outcomes of the trainings, minutes of meetings held by the Members of County Assembly and signed workshop attendance registers were not presented for audit to support the expenditure.

In the circumstances, the propriety of the expenditure totalling to Kshs.9,011,098 incurred on the trip to France could not be confirmed.



**FCPA Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 September 2016**

**DETAILED AUDIT REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF TANA-RIVER COUNTY ASSEMBLY FOR THE YEAR ENDED 30 JUNE 2015**

**1.0 DETAILED FINDINGS**

**1.1 Budget Utilization Analysis**

During the year under review, the County Assembly of Tana-River allocated a total budget of Kshs.534,634,720, comprising Kshs.122,500,000 for development vote and Kshs.412,134,720 for recurrent vote.

The budget absorption was as follows:

Item	Budgeted Allocation 2014/2015 (Kshs).	Actual 2014/2015 (Kshs)	Under Absorption	Under-absorption as a ratio % of the Vote	As ratio of Total Expenditure
Recurrent	412,134,720	398,034,391	14,100,329	97%	80%
Development	122,500,000	98,396,826	24,103,174	80%	20%
Total	534,634,720	496,431,217	38,203,503	93%	100%

The Assembly spent Kshs.496,431,217 out of the total budget of Kshs.534,634,720 resulting to an under expenditure of Kshs.38,203,503 or 7%. The Management has not explained the failure to utilise all the funds budgeted and allocated during the year. Consequently the under absorption of funds may impact negatively on delivery of goods and services and the development agenda for residents of Tana River County.

**1.1.1 Development Vote**

During the year under review, the County Assembly approved a development vote budget totaling Kshs.122,500,000 but spent Kshs.98,396,826 only resulting in an under expenditure of Kshs.24,103,174 or 20% as analyzed in the table below:

Development Vote	Total Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Over Absorption (Kshs)	% Variation
Construction of Buildings	83,000,000	35,793,858	47,206,142	-	57
Refurbishment of Buildings	10,000,000	24,692,370	-	14,692,370	(147)
Purchase of Vehicles and other Transport Equipment	0	16,205,598	-	16,205,598	(100)

Purchase of Household Furniture and Institutional Equipment	0	5,036,000.00	-	5,036,000	(100)
Purchase of Hansard Equipment	17,000,000	16,669,000	331,000	-	2
Installation of CCTV and Store Construction.	7,500,000	0	7,500,000	-	100
Designing and Commissioning of Assembly Web site	5,000,000	0	5,000,000	-	100
<b>Total</b>	<b>122,500,000</b>	<b>98,396,826</b>	<b>60,037,142</b>	<b>35,933,968</b>	<b>20</b>

As the table shows, under-expenditure totaling Kshs.60,037,142 was reported on five development vote items. However the management did not provide plausible reasons for the under-expenditure. Failure to utilize allocated funds denied the Members of the County Assembly assets and infrastructure they required to serve the residents of Tana River County.

Further, three (3) items reflected over-expenditures totaling Kshs.35,933,968 or 29% of the respective budget but no evidence was presented to show that the excess expenditure was approved by the Assembly, and no plausible explanation was given by management on how it was incurred. As a result the propriety of the over-expenditure totaling Kshs.35,933,968 could not be ascertained.

### **Recommendation**

The County Assembly management should spend all funds voted for development projects in the respective year as required in the Public Finance Management Act, 2012. Further, for funds not utilized or development projects not undertaken as planned, the officers responsible for execution of the budget should be held liable for the delays.

#### **1.1.2 Recurrent Vote**

During the financial year 2014/2015, the County Assembly's Recurrent Vote budget amounted to Kshs.412,134,720. However, the Assembly spent a total of Kshs.398,034,391 on its recurrent programs and activities during the year and hence reported a budget surplus of Kshs.14,100,329 or 3.4% of the Vote as analyzed in the table below:

Item	Total Budgeted (Kshs)	Actual expenditure (Kshs)	Under Absorption (Kshs)	Over Absorption (Kshs)	% Variance
<b>RECURRENT</b>	-	-	-	-	-
Personnel Emoluments	218,621,256	201,948,852.75	16,672,403	-	8
Utility and Supplies	7,570,000	5,087,495.96	2,482,505	-	33
Communication, Supplies and Services	2,432,000	3,425,313.00	-	993,313	(41)
Domestic travel	46,267,800	76,003,198.00	-	29,736,198	(64)
Foreign Travel	28,000,664	9,267,898.00	18,732,766	-	67
Advertising & Awareness	838,000	1,460,443.00	-	622,443	(74)
Rentals of Productive Assets	5,235,000	12,949,160.00	-	7,714,160	(147)
Training Expenses	15,680,000	16,925,075.00	-	1,245,075	(8)
Hospitality Supplies	23,190,000	19,568,768.00	3,621,232	-	16
Insurance Costs	13,840,000	8,525,383.00	5,314,617	-	38
Specialized Materials and Supplies	1,510,000	1,048,368.00	461,632.00	-	30.57
Fuel Oil and Lubricants	4,380,000	6,046,904	-	1,666,904	(38)
Other Operating Expenses	16,430,000.	9,832,770	6,597,230	-	40
Office and General Supplies	6,540,000	3,908,579	2,631,421	-	40
Routine maintenance-vehicles and Other Transport Equipment	6,500,000.	4,273,728	2,226,272	-	34.25
Routine Maintenance-other assets	2,600,000	2,335,595	264,405	235,595	10
Purchase of Office Furniture and Fittings	12,500,000	15,426,860	-	2,957,712	(24)
<b>Total</b>	<b>412,134,720</b>	<b>398,034,391</b>	<b>59,004,483</b>	<b>45,171,400</b>	<b>3.4</b>

As the table shows, over-expenditure totaling to Kshs.45,171,400 or 11% of the Recurrent Vote was reported in relation to eight (8) items. However, approvals for the over-expenditures were not presented for audit and the propriety of the expenditure could not therefore be confirmed. Also, under expenditure totaling to Kshs.59,004,483 was reported on 10 (ten) items or 14.3% of the recurrent budget. Failure by the management to utilize voted funds denied the Members of the County Assembly facilities and services intended for their use in advancing the development agenda of Tana-River County.

## **Recommendation**

The County Assembly management should adhere to budget ceilings and spend all funds voted as planned in the approved budget. The Officers who incurred the excess expenditure should be held accountable for the excess vote.

### **1.2 Salaries to Ward Staff**

Records made available for audit revealed that during the year under review, the County Assembly spent a total of Kshs.10,159,229 on salaries paid to staff appointed and deployed in the Wards. However, the payments were not supported with the names of the payees, their designations and information on the manner of their appointment. Further, the County Assembly's staff recruitment and remuneration policy manual were not made available for audit and as a result, it was not possible to confirm how pay for the staff was determined.

## **Recommendation**

The County Assembly management should present for audit review documents to support salaries totaling Kshs.10,159,229 paid to staff appointed to work in the County's Wards or the respective members of County Assembly be surcharged for the expenditure. In addition, the management should in future only incur expenditure in the manner provided for in government financial regulations and procedures.

### **1.3 Group Personal Insurance**

Records made available for audit revealed that the County Assembly paid an insurance service provider a total of Kshs.8,491,383 in respect of health insurance policy contract. The County's recurrent budget had provided for Kshs.6,690,000 for expenditure on insurance services resulting in an over expenditure of Kshs.1,801,383. In addition, tender documents presented for audit reflected a contract sum of Kshs.7,924,308 in relation to the contract awarded to the firm. Further, other records indicated that the County Assembly made cash refunds for medical expenses amounting to Kshs.567,091 reportedly incurred by the intended beneficiaries of the insurance cover as insurance premiums paid under the contract were supposed to cover the beneficiaries. Details on the refunds are shown in **Appendix I** of this report.

## **Recommendation**

The management should adhere to Section 5.1.2 of Government Financial Regulations and Procedures which require Accounting Officers to incur expenditure within the limits authorized in the budget. The management should seek approval from the County Assembly for the excess expenditure totaling Kshs.1,801,383 and refunds amounting to Kshs.567,091 made to various claimants, or the Accounting Officer should be surcharged for the sum of Kshs.2,368,474. In addition the management should explain why the refunds totaling Kshs.567,091 were made to claimants in spite of the insurance cover contracted at a cost of Kshs.8,491,383.

## **1.4 Mileage Allowances**

Records made available for audit indicated that during the year under review, the County Assembly paid out a total of Kshs.23,123,695 in mileage allowance claims lodged by Members of the County Assembly. However, documents attached to the payment vouchers indicated that the MCAs used hired motor vehicles but did not own the vehicles used in their journeys.

In addition, the MCAs calculated their claims based on the number of journeys they had reportedly made to their respective wards. This was contrary to the Salaries and Remuneration (SRC) Circular Ref. SRC/TS/CGOVT/3/16 of 15th November 2013 on remuneration and benefits for Members of County Assemblies which limits the maximum amount payable to each MCA per month at Kshs.39,528. The Circular further defines how mileage allowances for travel by MCAs to locations longer than 90 kilometers in distance are to be determined. However, the County Assembly management paid claims on the journeys made without taking into account the limits set in the circular. The allowances rightfully due totaled to Kshs.7,582,137 and not the sum of Kshs.7,959,421 paid. As a result of the overpayments, the item recorded an over-expenditure amounting to Kshs.15,541,558 as shown in **Appendix II** of this report.

### **Recommendation**

The County Assembly management should adhere to regulations stipulated by the SRC on remuneration and benefits for Members of County Assembly. Further, the management should recover the overpayment of Kshs.15,541,558 paid to Members of the Assembly.

## **1.5 Procurement of Goods and Services**

### **1.5.1 Purchase of Motor Cycles**

Records made available for audit revealed that the County Assembly budgeted to spend Kshs.5,000,000 on purchase of 15 motor cycles, but instead incurred expenditure totalling to Kshs.6,682,905. Therefore, over-expenditure by the Assembly overspent on this item amounted to Kshs.1,682,905. In addition, the motorcycles were not issued for use upon purchase but were found lying in the yard many months after they were procured thus casting doubt on whether the County Assembly needed to buy them in the first place.

Further, registration documents presented for audit were for only eight(8) out of the 15 motor cycles purchased. Logbooks for the remaining seven (7) were not presented for audit examination and as a result, it was not possible to confirm whether they were registered as property of the County Assembly.

### **Recommendation**

The management should adhere to Section 5.1.2 of Government Financial Regulations and Procedures which requires Accounting Officers to observe expenditure limits set in the budget. Further, the management should present for audit review documentary

evidence showing that all the 15 motor vehicles are owned by the County Assembly and Approvals for the excess expenditure totalling to Kshs.1,682,905.

### **1.5.2 Purchase of Furniture**

Records made available for audit revealed that the County Assembly purchased various items of furniture from a vendor at a cost of Kshs.5,036,000 against a budget of Kshs.2,100,000 and thus overspent above the budget by Kshs.2,936,000. Delivery notes were not attached to the documents presented for audit verification and further, the respective Local Purchase Order (LPO) referred to 'assorted items' but did not specify the items to be delivered by the vendor. In view of these anomalies, the propriety of the expenditure totalling Kshs.5,036,000 incurred on purchase of furniture could not be confirmed.

#### **Recommendation**

The management should adhere to Section 5.1.2 of Government Financial Regulations and Procedures which require Accounting Officers to observe expenditure limits set in the budget. In addition, the management should present for audit review approval for the excess expenditure totaling Kshs.2,936,000 failure to which the Accounting Officer should be surcharged for the unauthorized expenditure. Further, the management should present for audit verification documentary evidence specifying the items valued at Kshs.5,036,000 that the vendor delivered to the Assembly.

### **1.5.3 Purchase of Photocopier, Laptops, Desk Tops and I pads**

Other expenditure records presented for audit indicated that the County Assembly budgeted for the purchase of a photocopier, laptops, desk tops and I pads at a total cost of Kshs.3,500,000 against a budget of Kshs.2,500,000 and thus exceeded the budget by Kshs.1,000,000. There was no evidence to show that the Assembly had constituted a list of prequalified suppliers for the photocopiers, laptops, desk tops and I pads. It was not clear how the winning supplier was identified as the Assembly did not provide the prequalification list that was relied on. The Nairobi-based vendor offered to supply these items at a cost of Kshs.3,500,000 and yet the supplier's registration documents indicated that the firm was a registered building contractor and not a supplier of computers and related items.

#### **Recommendation**

The County Assembly management should adhere to Section 5.1.2 of Government financial regulations and procedures which require Accounting Officers to incur expenditure only as provided for in their respective budgets. Management should therefore provide proof of approval for the excess expenditure totalling Kshs. 1,000,000 failure to which the Accounting Officer should be surcharged for the expenditure. Further, the management should explain how the supplier for the office equipment items valued at Kshs.3,500,000 was appointed contrary to the Public Procurement and Disposal Act, 2005 on prequalification of suppliers.



#### **1.5.4 Construction of County Assembly's Administration Block**

Records made available for audit revealed that the County Assembly made payments totalling Kshs.32,537,241 to a local contractor in relation to the tender for construction of the Assembly's administration block contracted at a cost of Kshs.35,793,858. Retention fees totalling Kshs.2,237,394 was set aside and Value-added-tax (VAT) totalling Kshs.929,223 was shown in records as having been paid to the authorities. The Assembly explained that the procurement process including the tendering and award was carried out by the County Executive who in addition reportedly made all payments on behalf of the Assembly. However, the Executive did not submit the relevant documents for audit. The construction was however completed and the building put to use.

Although bills of quantities and copies of interim certificates were presented for audit review, it has not been possible to confirm how the contractor was appointed and whether the Assembly adhered to public procurement regulations.

#### **Recommendation**

The County Assembly management should submit for audit evidence to confirm that the contractor was appointed in accordance with the requirements of the Public Procurement and Disposal Act, 2005 and related regulations.

#### **1.6 Procurement for Supply, Delivery and Commissioning of Harnsard Conference System**

Information presented for audit indicated that the County Assembly spent a total of Kshs.16,669,000 to refurbish the County Assembly's chambers to suit a modern sitting arrangement. However, tender documents, were not presented for audit review and as a result it was not possible to confirm that the expenditure totalling Kshs.16,669,000 was a proper charge to public funds.

#### **Recommendation**

The County Assembly management should adhere to the provisions of the Public Procurement and Disposal Act, 2005 and the requirements of the National Construction Authority Act, 2011 while procuring construction and other services. Further, the management should present for audit review documents in support of the procurement process for the contract valued at Kshs.16,669,000, failure to which the Accounting Officer should be held liable for the missing information.

#### **1.7 Expenditure on Kenya Week in France**

During the year under review, the County Assembly of Tana-River spent a total of Kshs.9,011,098 on foreign travel to France for Members of the County Assembly to attend the Kenya Week festival in France. However, quotations for air tickets, hire of training venues and consultants, signed expenditure schedules for sitting allowances paid to the MCAs and staff, reports on the benefits derived from the training sessions attended were not made available for audit review. Minutes of meetings held by the

Members of County Assembly while away on the trip and signed meeting/workshop attendance registers were also not presented for audit.

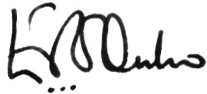
In the circumstances, the propriety of expenditure totalling Kshs.9,011,098 incurred on foreign travel to France for the Kenya Week festival could not be confirmed.

### **Recommendation**

The management should adhere to government financial regulations and procedures on expenditure of public funds. Further, the management should present evidence to support the expenditure totalling Kshs.9,011,098 or the allowances should be recovered from the respective beneficiaries.

### **Conclusion**

The Tana-River County Assembly should address the anomalies noted in this report to ensure effective delivery of services to the people of Tana-River County. Further, laid down Government procedures and regulations should be followed to ensure public resources are only used for the purposes for which they were intended.



**FCPA Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 September 2016**

## APPENDIX 1

### County Assembly of Tana-River Insurance Refund

<b>Pv. No</b>	<b>Payee</b>	<b>Purpose</b>	<b>Amount Kshs.</b>
2646	Hon Madina Tise	Refund of medical expenses	60,000.00
2601	Hon Rahma Eno	Refund of medical expenses	48,000.00
	Hon Rahma Eno	Refund of medical expenses	46,950.00
2797	Hon Sadick Karani	Refund of medical expenses	35,490.00
	Hon Mohamed Buya	Refund of medical expenses	30,790.00
1800	Wehliye Ahmed Dakat	Refund of medical expenses	30,200.00
2997	Hon Rukia Dara	Refund of medical expenses	29,120.00
2642	Hon Khadija Guyo	Refund of medical expenses	27,770.00
2382	Hon Fatula Galgalo	Refund of medical expenses	25,000.00
2986	Hon Mohamed Buya	Refund of medical expenses	24,510.00
917	Hon Rukia Dara	Refund of medical expenses	22,120.00
1589	Yakub Adow	Refund of medical expenses	21,000.00
2611	Hon Masha Boru	Refund of medical expenses	19,474.00
2634	Hon Linnah Jarra	Refund of medical expenses	18,540.00
49	Adam Katera	Refund of medical expenses	15,942.00
2003	Hon Rahma Eno	Refund of medical expenses	15,750.00
2990	Hon Sadick Karani	Refund of medical expenses	13,050.00
<b>PV. No</b>	<b>Payee</b>	<b>Purpose</b>	<b>Amount</b>
643	Ali Nuru Guracho	Refund of medical expenses	12,260.00
2587	Hon Luli Rashid	Refund of medical expenses	10,250.00
1762	Yakub Adow	Refund of medical expenses	10,000.00
2588	Hon Mohamud Gabo	Refund of medical expenses	9,085.00
1487	Mohamed Ahmed	Refund of medical expenses	7,850.00
2284	Mohamed Ahmed G.	Refund of medical expenses	6,950.00
2681	Hon Khadija Guyo	Refund of medical expenses	6,800.00
2680	Salat Dakan	Refund of medical expenses	5,310.00
1745	Gwiyo N. Dullu	Refund of medical expenses	5,100.00
1965	Floriener Joseph	Refund of medical expenses	3,410.00
112	County Assembly	Refund of medical expenses	3,000.00
2324	Beatrice Hidavu	Refund of medical expenses	2,370.00
641	Ali Nuru Guracho	Refund of medical expenses	1,000.00
			<b>567,091.00</b>

## APPENDIX II

### County Assembly of Tana-River

#### Mileage Claim

Payment Voucher Number	Payee	Purpose	Claim Period	Amount Paid Kshs.	Distance as Per County Mechanical Officer Letter	Extra Amount Entitled Kshs.	Difference (Excess Paid) Kshs.
2558	Hon Abdi Ergamso-Madogo	Vehicle NO. KBM 501E distance 9374km	Sep-14, Oct-2014, Nov-2014, Feb-Apr 2015	1,027,677.00	449km	270,108.00	757,569.00
2552	Hon Daud Galdesa-Hirimani	Vehicle KBU 387B	Jan-April 2015	756,742.00	392km	132,638.40	624,103.60
2499	Hon Daud Galdesa-Hirimani	Vehicle KBU 387B	Jun-14	243,536.00	392km	33,159.60	210,376.40
2287	Hon Harun -Chewele	Vehicle KBT 638U	Jan 2013 - Dec 2014	137,168.00	170km	105,408.00	31,760.00
2449	Hon Harun Hassan-Chewele	Vehicle KBT 638U 3430km	Jan 2014-April 2015	376,614.00	170km	140,544.00	236,070.00
2972	Hon Harun Hassan-Chewele	Vehicle KBT 638U 1900Km	Dec 2014, Jan 2015	228,384.00	170km	39,008.00	189,376.00
836	Hon Harun Hassan-Chewele	Vehicle KBT 638U 2890km	July 2014-Oct 2014	222,125.00	170km	26,352.00	195,773.00
837	Hon Hussein Godana-Garsen South	Vehicle KBT 279T	June 2014-Oct 2014	514,193.00	340km	137,250.00	376,943.00
2457	Hon Hussein Godana-Garsen South	Vehicle KBP 422	Feb 2015 to May 2015	311,283.00	340km	109,800.00	201,483.00
1898	Hon Hussein Godana-Garsen South	Vehicle KBT 279	Oct & Nov 2014	251,442.00	340km	54,900.00	196,542.00
2770	Hon Hussein Godana-Garsen South	Vehicle KBP 422T 1700km	June-2015	186,660.00	340km	27,450.00	159,210.00

Payment Voucher Number	Payee	Purpose	Claim Period	Amount Paid Kshs.	Distance As Per County Mechanical Officer Letter	Extra Amount Entitled Kshs.	Difference (Excess Paid) Kshs.
2797	Hon Ibrahim Adamow-Bangale	Vehicle KBU 388V 4500Km	April & May 2015	415,044.00	500km	90,036.00	325,008.00
2493	Hon Ibrahim Adamow-Bangale	Vehicle KBU 388V 3500Km	April & May 2015	254,736.00	500km	90,036.00	164,700.00
1413	Hon Ibrahim Adamow-Bangale	Vehicle KBU 388V 20000Km	Nov 201 4	209,718.00	500km	45,018.00	164,700.00
892	Hon Ibrahim Adamow-Bangale	Vehicle KBU 388V 8140km	July 2014- Nov 2014	893,772.00	500km	225,090.00	668,682.00
2447	Hon Johnson Hiribae-Kinakomba	Vehicle KBP 123S 4140km	Nov 2014, Jan 2015- March 2015	454,572.00	300km	115,290.00	339,282.00
922	Hon Johnson Hiribae-Kinakomba	Vehicle KBP 123S 5500km	June 2014- Oct 2014	426,573.00	300km	115,290.00	311,283.00
1209	Hon Maka Jarso-Wayu	Vehicle KBA 781P 6690km	June 2014- Nov2014	734,562.00	374km	187,099.20	547,462.80
2456	Hon Maka Jarso-Wayu	Vehicle KBA 781P	Jan-April 2015	535,385.00	374km	62,366.40	473,018.60
2483	Hon Manase Guyo-	Vehicle KAH 893H	Feb 2015 & March 2014	285,590.00	309km	48,092.40	237,497.60
1229	Hon Manase Guyo	Vehicle KAH 893H 2382 km	Nov-14	261,544.00	309km	24,046.20	237,497.80
661	Hon Manase Guyo	Vehicle KAH 893H 3400km	July 2014 & Sept 2014	261,324.00	309km	72,138.60	189,185.40
2553	Hon Manase Guyo	Vehicle KAH 893H	April & May 2015	217,733.00	309km	48,092.40	169,640.60
1626	Hon Manase Guyo	Vehicle KAH 893H 1146 km	Dec 2014, Jan 2015	125,831.00	309km	48,092.00	77,739.00
945	Hon Manase Guyo	Vehicle KAH 893H 1342km	Oct-14	103,147.00	309km	24,046.20	79,100.80

Payment Voucher Number	Payee	Purpose	Claim Period	Amount Paid Kshs.	Distance As Per County Mechanical Officer Letter	Extra Amount Entitled Kshs.	Difference (Excess Paid) Kshs.
1230	Hon Masha Boru-Garsen Central	Vehicle KAU 216D	July-Nov 2014	642,330.00	300km	115,290.00	527,040.00
2546	Hon Masha Boru-Garsen Central	Vehicle KAU 216D	Nov 2014 to March 2015	454,572.00	300km	115,290.00	339,282.00
2166	Hon Mohamed Buya-Mikinduni	Vehicle KBY 485F 8820km	March 2013-Dec 2013	968,436.00	210km	131,760.00	836,676.00
2448	Hon Mohamed Buya-Mikinduni	Vehicle KBY 485F 10920km	Feb 2014-Dec 2014	968,436.00	210km	131,760.00	836,676.00
2165	Hon Mohamed Buya-Mikinduni	Vehicle KBY 485F 2510km	Feb, March & April 2015	275,598.00	210km	39,528.00	236,070.00
2561	Hon Mohamed Buya-Mikinduni	Vehicle KBY 485F 8820km	March 2015 & April 2015	138,348.00	210km	26,352.00	111,996.00
1231	Hon Mohamud Gabo-Garsen West	distance 10500km	July-Nov 2014	1,103,490.00	500km	225,090.00	878,400.00
2557	Hon Mohamud Gabo-Garsen West	distance 5820km	Nov 2014 to June 2015	793,854.00	500km	360,144.00	433,710.00
2567	Hon Musa Wario-Kipini West		July 2014-April 2015	746,835.00	394km	-	746,835.00
2463	Hon Musa Wario-Kipini West		July 2014-April 2015	700,000.00	394km	333,792.00	366,208.00
1214	Hon Sadick Karani-Sale	Vehicle KBJ 218S 4602km	Sept- Nov 2014	505,300.00	368km	91,573.20	413,726.80

Payment Voucher Number	Payee	Purpose	Claim Period	Amount Paid Kshs.	Distance As Per County Mechanical Officer Letter	Extra Amount Entitled Kshs.	Difference (Excess Paid) Kshs.
2569	Hon Sadick Karani-Sale	Vehicle KBJ 218S 1840km	Feb 2015 to April 2015	455,230.80	368km	91,573.20	363,657.60
512	Hon Sadick Karani-Sale	Vehicle KBJ 218S 2346 km	Aug-14	180,314.00	368km	30,524.40	149,789.60
212	Hon Sadick Karani-Sale	Vehicle KBJ 218S 903km	Jun-14	69,404.00	368km	30,524.40	38,879.60
1210	Hon Salat Dakan-Garsen North	Vehicle KBW	July 2014 to Nov 2014	517,817.00	296km	113,094.00	404,723.00
2458	Hon Salat Dakan-Garsen North	Vehicle KBW 296km	Jan-April 2015	447,984.00	296km	90,475.20	357,508.80
2319	Hon Mohamed Arbicho-Chewani	Vehicle KBN 578L	Nov 2014 to April 2015	442,920.00	300km	138,348.00	304,572.00
1139	Hon Mohamed Arbicho-Chewani	Vehicle KBN 578L 3300km	Sep-2014, Oct-2014, Nov-2014,	332,694.00	300km	69,174.00	263,520.00
55	Hon Mohamed Arbicho-Chewani	Vehicle KBN 578L	Mar-14	302,060.00	300km	23,058.00	279,002.00
2145	Hon Mohamed Arbicho-Chewani	Vehicle KBN 578L 5400km	Nov 2014 to April 2015	150,000.00	300km	138,348.00	11,652.00
1997	Hon Mohamed Arbicho-Chewani	Vehicle KBN 578L	Nov 2014 to June 2015	592,920.00	300km	115,290.00	477,630.00
<b>Total</b>				<b>23,123,695</b>		<b>7,582,137.80</b>	<b>15,541,558.00</b>