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KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON THE

THE FINANCIAL OPERATIONS OF

KISII COUNTY ASSEMBLY

FOR THE PERIOD

1 JULY 2013 TO 30 JUNE 2014

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REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF KISII COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

EXECUTIVE SUMMARY

Background Information

The County Assembly of Kisii came into being after the declaration of the elections results of March 2013 in accordance with the provisions of Transition to Devolved Government Act, 2012. The Assembly was to take some of the assets and liabilities of the defunct Local Authorities and carry out devolved functions and services as shared with the County Government of Kisii. The County Assembly of Kisii is domiciled in Kisii town and has 45 elected and 26 nominated members all totalling to seventy one (71).

Introduction

The audit for the period 1 July 2013 to 30 June 2014 was undertaken to review the management and financial operations of the County Assembly by assessing the adequacy and reliability of the systems of management and financial controls instituted by the management in running the affairs of the County Assembly in as far as utilization of public funds is concerned.

Terms of Reference

The Office of the Auditor-General is an Independent Office mandated by the Kenya Constitution 2010 under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned an audit of the management and financial operations of Kisii County Assembly for the period 1 July 2013 to 30 June 2014 with the following terms of references:

- Assessment of controls over management of cash and bank accounts.
- Assessment of controls over management of assets under the control of the County Assembly.
- Assessment of compliance with the procurement laws in the process of acquisition of goods or services.
- Assessment of compliance with the Public Finance Management Act, 2012 in the utilization of public funds.
- Compliance with other relevant laws and regulations.
- To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds.

- All necessary supporting documents, records, and accounts have been kept in respect of all transactions.

Methodology

The approach used in carrying out this audit included the following:

- Interviews with key officers at the Assembly Headquarters.
- Review of applicable legislation and regulations.
- Examinations of payment vouchers, cashbooks, vote books, bank statement, bank slips, receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.
- Physical inspection and verifications
- Observation of processes and activities.
- Review of documents used by management to monitor use of funds.

Scope and Determination of Responsibilities

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

The design, implementation and maintenance of effective control measures, compliance with laws and regulations are the responsibility of the management. Our responsibility is to report on the weaknesses that were identified in the course of the audit.

KEY AUDIT FINDINGS

1.0 CURRENT ASSETS

Temporary Imprests to Members of County Assembly for Ward Offices

The County Assembly issued temporary imprest of Kshs 50,000 from July 2013 to April 2014 and Kshs 55,000 from May to June 2014 to each elected Member of County Assembly monthly to forty five (45) wards all totalling to Kshs.26,920,000 to manage the functions of the Ward offices namely; Office Rent, Staff salaries and other expenses contrary to Transition Authority Circular TA/2/1 dated 28 January 2014.

The rent payment was not supported by lease agreements for the Ward Offices. Salary payments were also not supported by master rolls and the payroll.

2.0 NON- CURRENT ASSETS

2.1 Construction of Fabricated Offices and Canteen

The County Assembly awarded a contract of Kshs.47,970,000 to a Contractor for the construction of Fabricated Executive Offices, Committee rooms and the Assembly Canteen. The tender document for the Contractor was received on 18 May 2013 over one month before the tender advertisement which was done on 24 June 2013. The tender opening meeting minutes was not availed for audit verification while evaluation report and notification of Award were not signed. In addition, the contract sum was revised from Kshs.47,970,000 to Kshs.54,631,926 and the minutes for the revision were not made available.

2.2 Failure to Maintain Updated Assets Register

The County Assembly does not maintain an accurate and updated assets register. Some assets of the Assembly were not entered in the register e.g. Samsung Tablets (Galaxy Tab3) costing Kshs.7,695,000 and the Hansard machine costing Kshs.8,934,500 were not reflected in the assets register. Further, the log books of two Motor Vehicles with total cost of Kshs. 10,220,358 were not availed for audit verification.

3.0 CURRENT LIABILITIES

Car Loans and Mortgages

During the year under review, Kisii County Assembly advanced car and mortgage loan of Kshs 65,440,000 and Kshs207,833,391 respectively all totalling to Kshs 273,273,391 to the members through Chase Bank.

The following were noted;

- i. No recourse was made available to the County Assembly in case of a default to pay the loan by members of the County Assembly since the loans are unsecured and the cars and properties were not jointly registered or charged in the name of the Assembly and the respective MCAs.
- ii. The Kisii County Assembly entered into a Memorandum of Understanding with Chase Bank (Kenya) Limited for the purpose of providing loans to the Members of the Assembly as from 23 April 2014 as per the Addendum which has not been acknowledged by Chase Bank Kenya Limited duly constituted attorney.
- iii. Under the Addendum on responsibility of the Kisii County Assembly (KCASB) clause V stipulates that the KCASB is the senior risk partner and in the event of default the Assembly bear the burden of default.

- iv. Members pay slips made available revealed that all members' bank loans could not be confirmed in respect of which of the member bank loans are being serviced and those which are not serviced as all are lumped together, hence the Assembly runs a high risk of loss in case of any eventuality of default.
- v. The Board also has not submitted the financial statements of the fund after the year end to the office of Auditor-General in accordance with the Constitution of Kenya, 2010 and Kisii County Assembly Member's Loan and Mortgage Act 2014 under section 11(2)

4.0 EXPENDITURE REVIEW

4.1 Unsupported Payment of Sitting Allowances

Analysis of the County payroll for the twelve (12) months under review revealed that MCAs were paid sitting allowance totalling Kshs.78,815,200. However Kshs.23,104,000 was paid without corroboration of the attendance register and minutes. In the month of February 2014, the sittings as per the attendance register were less than the actual sittings paid resulting to overpayment of Kshs.7,196,200. Further, seventy one (71) members were paid Kshs.585,100 for two (2) extra sittings in the month of March 2014 contrary to the circular Salaries and Remuneration Commission Circular Ref; SRC/TS/CGOVT/3/61 dated 27 November 2013. The authenticity of the attendance register could therefore not be determined.

4.2 Unsupported Committees Sitting Allowances

During the year under review, eleven (11) County Assembly Committees members claimed sitting allowances totalling to Kshs.10,678,800 for sittings which they did not attend. There was no evidence that the meetings ever took place since minutes to the said meetings were not availed for audit verification.

4.3 Irregular Claims on Committee Meetings

In the year under review the County Assembly committees of Devolution, Procedures & rules, Implementation and Liason were paid Ksh.5,338,200. However, records indicate that there were no meetings in the financial year 2013/14 as attested by lack of notices of meetings to members, minutes and reports of the meetings. The member and non-members of the committees drew sitting and responsibility allowances on non-existent committee meetings for the months of April, May and June 2014 as confirmed by signed attendance sheets prepared solely for the purpose of receiving the allowances.

4.4 Over Payments of Mileage Allowance and Payment of Mileage Allowance during Assembly Recess

Analysis of the payroll made available for audit revealed that all elected and nominated MCAs were paid the maximum mileage allowance of Kshs.39,528 per month irrespective of the distance covered from their homes resulting to over payment totalling Kshs 11,979,619 for six months from January to June 2014.

Further, all the Members of the County Assembly were paid mileage allowance totalling Kshs 2,846,016.00 in the month of December 2013 while the Assembly was on recess.

4.5 Double Payments of Mileage Allowance to Speaker, Majority and Minority Leader

Analysis of the payroll data availed for audit revealed that included in the taxable income of the Speaker, Majority and Minority Leader was commuter allowance of Kshs.39,528 per month totalling to kshs.474,336/ for the three officers in the year under review.

The amount was paid to them despite being assigned vehicles registration No. KBU 962T (Toyota PRADO) KBY 925 C (Toyota Double Cabin) KBY 924 C(Toyota Double Cabin) respectively and fuelled by the County Assembly. This is irregular and amounts to double payments.

4.6 Foreign Travels

The members of County Assembly incurred expenditure on travelling and accommodation on foreign trips to South Africa, Uganda, USA, India and Israel all totalling Kshs.20,241,086 as detailed below:

I. South Africa (Durban) Kshs 4,140,800

Thirteen (13) Members of County Assembly and three members of staff travelled to South Africa- Durban from 8 to 15 April 2014 for a seminar on Budget and Appropriation and incurred expenditure totalling Kshs 4,140,800. No supporting documents were availed to prove that the members travelled.

II. U.S.A(New York) Kshs 635,000

One (1) Member of County Assembly travelled to U.S.A- New York from 20th to 30th November 2014 on benchmarking. However, no report arising from the trip or any evidence of what the officer went to do was availed for audit verification.

III. India (Mumbai) Kshs10,007,336

Thirty nine (39) Members of County Assembly travelled to India-Mumbai from 12th to 21st April 2014 and incurred expenditure all totalling Kshs10,007,336. No supporting

documents of travel and the reason for travel were availed to prove that the members travelled.

IV. Israel (Tel Aviv) Kshs 4,423,490

The seven (7) Members of County Assembly travelled to Israel- Tel Aviv for a period of 6 days from 25 November to 3 December 2013 for County Education Agricultural Tour incurring expenditures totalling Ksh 4,423,490 inclusive of air tickets and visa processing. No documentary evidence was availed, i.e., copies of Air tickets, Boarding passes and Passports, to confirm that the foreign journeys were made.

V. Uganda (Jinja &Kampala)- Kshs.1,034,460

Six (6) Members of County Assembly travelled to Uganda (Jinja and Kampala) from 19th to 24th November 2013 for African Minerals Factory and Banana Project Tour incurring expenditures totalling Ksh1,034,460. No documentary evidence was availed, i.e., copies of Air tickets Boarding passes and Passports, to confirm that the foreign journeys were made.

Additional anomalies were noted:-

- i. Analysis of the supplementary budget shows that the Kisii County Assembly budget did not have any line item as foreign travel. The money used for the trips was advanced to the assembly by the Kisii County Treasury.
- ii. No invitation letters were made available to ascertain the need for the expenditure and whether it was beneficial to the Kisii County Assembly.
- iii. The foreign trips were paid in form of imprest to County Assembly members and no surrenders with supporting air tickets, invitations letters,passports and boarding passes and reports from the trips were produced for verification and it was therefore difficult to confirm whether the trips ever took place.
- iv. In addition, no evidence was produced to ascertain the need or reasons for the travels as a justification for the expenditure and whether it was beneficial to the County Assembly and the general public.

The Government may have lost public funds of Kshs. 20,241,086 on unjustifiable expenditure.

4.7 Late Duty Allowances

The Members of Kisii County Assembly irregularly received Kshs.1, 749,000 as late duty allowance while debating at the Assembly within their work stations. The payments made were not as per any circular, Code of Regulations, Policy or Act. It was therefore not clear on what basis it was being effected.

4.8 Payments for Meetings outside the Jurisdiction of the Assembly

During the period under review, County Assembly incurred expenditures totalling Kshs.13,640,370 on sitting allowances, accommodation, lunches and transport to MCAs and staff holding meetings outside the Assembly Offices but within the County. No explanation or standing orders was provided for holding several meetings outside the Assembly.

4.9 Extra payment of night out Allowances

The Assembly in the month of March 2014 paid night outs totalling Kshs.1,300,000 to eighteen(18) Assembly Members and four (4) staff Members while attending Centre for Parliamentary studies and Training(CPST) in Mombasa for six days. Analysis of the travelling documents revealed that the members and staff members were out for only four(4) days leading to overpayments of Kshs.335,000. There was no proper explanation for the over payment.

4.10 Payment of Committee Allowances

In the period under review, the County Assembly paid Kshs.220,000 as committee allowances to staff in procurement department and tender committee members contrary to Public Procurement and Disposal Regulations, 2006 Section 12 (5) which states that "Members of tender committee may be paid such honoraria as the procuring entity may determine" such determination or any other authority for the payment of the allowance was not availed for audit verification.

4.11 Un-taxed Air Time Allowance to Members of County Assembly

The County Assembly Members were paid Air time allowances of Kshs.5,000 monthly between April 2013 and April 2014 totalling Kshs.2,320,000 by payment vouchers without deducting Pay As You Earn at source as required by Income Tax Act Cap 470, Laws of Kenya.

4.12 Double Payment

In the month of March 2014, the County Assembly paid three (3) Assembly members and two (2) staff Members per diem allowances totalling Kshs.80,000 for induction training at CPST-Nairobi. On the same dates, the same officers were paid Kshs.80,000 for preparation of final report on fiscal strategy paper in Kisumu leading to double payments of Ksh.80,000.

4.13 Missing and Unsupported Payments

During the year under review, County Assembly incurred expenditure totalling Kshs.18,855,011 on the procurement of assorted goods and services. However, the payment vouchers for the expenditure were not supported with the necessary documents. Further, the County Assembly incurred expenditure totalling

Kshs.2,215,967 on the procurement of assorted goods and services, whose payment vouchers were not availed for audit verification. It was therefore not possible to ascertain the propriety of the expenditure.

4.14 Goods not Taken on Charge

The Assembly did not record all receipts of goods in the stores ledger totaling to Kshs.15,690,561. Receipts and issues from stores were not supported by Form S. 11, S. 13 and S.3 card, hence the Assembly may have paid for goods not supplied. It was also observed that the duties were not segregated and inspection and acceptance certificates were not filled contrary to section 17 of Public Procurement and Disposal Act 2005.

5.0 HUMAN RESOURCE MANAGEMENT

Irregular Recruitment and Selection of Staff

A. Personal Assistant to the Speaker

An officer was appointed as a Personal Assistant to the speaker on 6th January 2014. The appointment was varied to Legal counsel 1 on 30 June 2014 under undisclosed circumstances. The officer has not been placed on the payroll and is being paid through payment vouchers. Management did not explain why the officer was not placed in the payroll given that his position is in the establishment of the Assembly.

B. Clerk of Kisii County Assembly

An officer was appointed as Clerk of Kisii County Assembly on 29 April 2013. The Clerk was suspended from office from 5 March 2014 over disputes that his appointment to office was irregular but he was reinstated by The Court on 23 May 2014.

No records exist to show how he was reinstated by management. Salaries and Remuneration Commission set Clerks' remuneration at a minimum of basic of Kshs120,270, house allowance Kshs 60,000, other allowances Kshs 20,000. However, the officer was offered basic salary of Kshs180,000, house allowance of Kshs 46,250 and commuter allowance of Kshs 18,500. Further the officer has not been placed in the payroll and there is no evidence that he was paid salary for the year under review. The officer is being overpaid and management has not explained why he has not been placed on the payroll.

C. Deputy Clerk

An officer was appointed Deputy Clerk on 8 November 2013. He was subsequently appointed acting clerk w.e.f 4 March 2014 following the suspension of the substantive Clerk of the Assembly from office. The officer was paid acting allowance from 4 March to 4 September 2014. However, the substantive clerk was reinstated by courts on 23 May 2014. And thus acting capacity should have ceased on 23 May 2014.

D. Director of Finance and Budget

An officer was appointed as Director of Finance and Budget on 7th October, 2013. He was suspended from office on 1 August 2013 for gross misconduct and the suspension was temporarily lifted by court on 19.9.13 in a court case where he sued his current and previous employers'. Subsequently, he was deployed to Kisii County Government as a revenue officer w.e.f 22 November 2013 while awaiting court finalization. He is currently serving as a Director Finance and Budget but there is no record held in his personal file showing how he was deployed to this position from revenue office.

The officer withdrew the Court case where he sued his current employer on 10 February 2014. There is no record showing that the officer has been cleared of the charges despite being a bonafide employee and Director Finance and Budget of Kisii County Assembly.

The June 2014 payroll shows the officer's remuneration as basic salary of Kshs 78,480, house allowance Kshs43,000 and commuter allowance Kshs 2000 which is not defined by Salaries and Remuneration Commission circulars.

Further, County Assembly Service Board advertisement for Directors' position, had a general requirement of a Masters' degree, three years' work experience except the position of Director Finance & Budget that called for 3 years' experience as a Senior Finance Officer reflecting that this positions requirement were not clearly defined. The academic testimonials are not documented in his personal file. As a result, the propriety of the appointment could not be ascertained.

E. Driver

An officer was appointed as clerical officer III on 1 June 2013. He was granted parallel appointments on 1 July 2013 as Driver III and Senior Driver.

The remuneration for the positions are different. According to Salaries and Remuneration Commission, drivers III are paid basic salary of Kshs19,323 house allowance of Kshs5,000 and other allowances Kshs 4,000 resulting to gross earning of Kshs 28,323. However according to June 2014 payroll the officer was paid basic salary of Kshs 31,020, house allowance Kshs10,000 and other allowances of Kshs 5,000 leading to gross earning of Kshs 46,020. If the officer was appointed as a Driver III he was overpaid Kshs.298,065 from July 2013 to June 2014.

F. Maintenance Officer

An officer was appointed as maintenance officer I on 1 May 2013. Salaries and Remuneration Commission has put the remuneration of the position at basic salary of Kshs 41,590, house allowance at Kshs 20,000, and other allowances at Kshs 6,000 but June 2014 payroll indicates that the officer was paid basic salary of Kshs28,940, house allowance of Kshs 13,000 and commuter allowance of Kshs 2,000. The officer is underpaid for services offered by Ksh.283,800 for twelve months under review.

G. Personal secretary III


An officer received two parallel appointments on 1 May 2013 as Personal secretary III and senior office attendant (Officer II) under undisclosed circumstances, despite the fact that the salary scale attached to the two position did not change. Salaries and Remuneration Commission remuneration recommends basic salary of Kshs 35,910 for position of Personal Secretary III. However, June 2014 payroll indicates that the officer was paid basic salary of Kshs 31,020 leading to underpayment of Ksh.4,890

H. Clerical Officer

An officer received 3 parallel appointments on 1 July 2013 as Clerical Officer, Clerical Officer II, as Second Clerk Assistant. Salaries and Remuneration Commission remuneration basic salary of Kshs 35,910 but the officer was paid basic salary of Kshs 41,590 leading to overpayment of Kshs 5,680.

I. Director Human Resource

An officer was appointed Director Human Resource on 15 October 2013. County Assembly Service Board vacancies required a Masters' degree in Human Resource Management but the officer holds a Bachelors' degree and not masters' as attested in her personal file. As a result, we could not ascertain that the officer's appointment is regular.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF KISII COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

DETAILED AUDIT FINDINGS

1.0 CURRENT ASSETS

Temporary Imprests to Members of County Assembly's for Ward Offices

The County Assembly issued to each elected Member of County Assembly temporary imprest of Kshs 50,000 from July 2013 to April 2014 and Kshs 55,000.00 from May to June 2014 monthly to forty five (45) wards all totalling to Kshs.26,920,000 to manage the functions of the Ward offices namely; Office Rent, Staff salaries and other expenses contrary to Transition Authority Circular TA/2/1 dated 28 January 2014.

The rent payment was not supported by lease agreements for the Ward Offices. Salary payments were also not supported by master rolls and the payroll.

Recommendations

- i. The imprest should be recovered from Ward Representatives.
- ii. Proper procurement regulations be adhered and rent payments made directly to the landlords.

2.0 NON- CURRENT ASSETS

2.1 Construction of Fabricated Offices and Canteen

The County Assembly awarded contract of Kshs.47,970,000 to a contractor for the construction of Fabricated Executive Offices, Committee rooms and the Assembly Canteen. The tender document for the Contractor was received on 18 May 2013 over one month before the tender advertisement on 24 June 2013. The tender opening meeting minutes was not availed for audit verification while evaluation report and notification of Award were not signed. In addition, the contract sum was revised from Kshs.47,970,000 to Kshs.54,631,926 and the minutes for the revision were not made available.

Recommendation

All future procurements should be done in accordance with the Public Procurement and Disposal Act, 2005 and related 2006 Regulations to ensure full accountability and fairness in the whole process.

2.2 Failure to Maintain Updated Assets Register

The County Assembly does not maintain an accurate and updated assets register. Some assets of the Assembly were not entered in the register for example Samsung Tablets (Galaxy Tab3) costing Kshs.7,695,000 and the Hansard machine costing Kshs.8,934,500 were not reflected in the assets register. Further, the log books of two (2) Motor Vehicles with total cost of Kshs.10,220,358 were not availed for audit verification.

Recommendation

The Management should update its assets register and secure log books for the Assembly vehicles.

3.0 CURRENT LIABILITIES

3.1 Car Loans and Mortgages

During the year under review, Kisii County Assembly advanced car and mortgage loan of Kshs 65,440,000 and Kshs207,833,391 respectively all totalling to Kshs 273,273,391 to the members through Chase Bank

The following were noted;

- i. No recourse was made available to the County Assembly in case of a default to pay the loan by members of the County Assembly since the loans are unsecured and the cars and land were not jointly registered in the name of the Assembly and the respective MCAs.
- ii. The Kisii County Assembly entered into Memorandum of Understanding with Chase Bank (Kenya) Limited for the purpose of providing loans to the Members of the Assembly as from 23 April 2014 as per the Addendum which has not been owned by Chase Bank Kenya Limited duly constituted attorney.
- iii. Under the Addendum on responsibility of the Kisii County Assembly Board's (KCASB) clause V stipulate that the KCASB is the senior risk partner and in the event of default Assembly bear the burden
- iv. Members pay slips made available revealed that all members' banks loans could not be confirmed which of the member bank loans are being serviced and which are not as all are lumped together, hence it put the assembly in unsafe position in case of any eventuality the assembly has to bear lose.
The Board also has not submitted the financial statement of the fund after the year end to the office of Auditor-General as required by Public Audit Act.

Recommendation

The Assembly should have both the log books and title deed under joint ownership with the members as guarantee of the loan repayment.

4 EXPENDITURE REVIEW

4.1 Unsupported Payment of Sitting Allowances

Analysis of the County payroll for the twelve (12) months under review revealed that MCAs were paid sitting allowance totalling Kshs.78,815,200. However Kshs.23,104,000 were paid without corroboration of the attendance register and minutes. In the month of February 2014, the sittings as per the attendance registers were less than the actual sitting paid resulting to overpayment of Kshs.7,196,200. Further, seventy one (71) members were paid Kshs.585,100 for two (2) extra sittings in the month of March 2014 contrary to the circular from Salaries and Remuneration Commission Circular Ref; SRC/TS/CGOVT/3/61 dated 27 November 2013. The authenticity of the attendance register could therefore not be determined.

Recommendations

- i. The sitting allowance of Members of the County Assembly should be paid only when attendance register and minutes are attached.
- ii. The over payments of Kshs 7,196,200 and Kshs.585,100 be recovered from the respective Members.

4.2 Unsupported Committee Sitting Allowances

During the year under review, eleven (11) County Assembly Committees members claimed sitting allowances totalling to Kshs.10,678,800 for sittings which they did not attend. There was no evidence that the meetings ever took place since minutes to the said meetings were not availed for audit verification.

Recommendation

The Assembly management should ensure recoveries are made from the member's salaries as per the Salaries and Remuneration Commission Circulars from all the committees which did not have meetings.

4.3 Irregular Claims on Committee Meetings

In the year under review the County Assembly (KCA committees of Devolution, Procedures & rules, Implementation and Liaison were paid Ksh.5,338,200. However, records indicate that there were no meetings in the financial year 2013/14 as attested by lack of notices of meetings to members, minutes and reports of the meetings.

The member and non-members of the committees drew sitting and responsibility allowances on non-existent committee meetings for the months of April, May and June 2014 as confirmed by signed attendance sheets prepared solely for the purpose of receiving the allowances. **See Appendix i**

Recommendation

The Assembly management should ensure recoveries are made from the member's salaries as per the SRC Circulars from all the committees who did not have meetings as listed in Appendix i

4.4 Over Payments of Mileage Allowance and Payment of Mileage Allowances during Assembly Recess

Analysis of the payroll made available for audit revealed that all elected and nominated MCAs were paid the maximum allowance of Kshs.39,528 per month irrespective of the distance covered from their homes resulting to over payment totalling Kshs 11,979,619 for six months from January to June 2014.

Further, all the Members of the County Assembly were over paid mileage allowance totalling Kshs 2,846,016.00 in the month of December 2013 while the Assembly was on recess.

See Appendix ii-iii.

Recommendation

In cases where fraud is proven relevant action should be taken against members responsible for the loss as per Section 203(a) of the Public Finance Management Act of 2012 and all over payment should be recovered as listed in appendix ii-iii.

4.5 Double Payments of Mileage Allowance to Speaker, Majority and Minority Leader

Analysis of the payroll data availed for audit revealed that included in the taxable income of the Speaker, Majority and Minority Leader was commuter allowance of Kshs.39,528 per month totalling to kshs.474,336 for the three officers in the year under review.

The amount was paid to them despite being assigned vehicles registration No. KBU 962T (Toyota PRADO) KBY 925 C (Toyota Double Cabin) KBY 924 C(Toyota Double Cabin) respectively and fuelled by the County Assembly.

Recommendations

- i. The Assembly management should make recoveries for the extra money paid to them.
- ii. The said Members to forfeit either commuter allowance or withdraw the vehicle assigned to them so that they do not get undue double benefits.

4.6 Foreign Trips

Kisii County Assembly members made several foreign trips to several countries including South Africa, Uganda, USA, India and Israel incurring a total cost of Kshs. 20,241,086 as shown below and in Annex iv-vii

Destination	Date	Nature of Tour	Number of Members	Amount
SOUTH AFRICA	8 April to 15 April 2014	Seminar on Budget and Appropriation	13 MCAs 3 Staff	4,140,800
USA	20 November to 30 November 2014	Benchmarking	1 MCA	635,000
INDIA	12 April to 21 April 2014	No Purpose	39 MCAs	10,007,336
Israel-Tel-aviv	25 November to 4 December 2013	County Education Agricultural tour	7 MCAs	4,423,490
UGANDA	19 November to 24 November 2013	African Minerals Factory and Banana Project	6 MCAs	1,034,460
		Total		20,241,086.00

Further the following observations were made;

- i. Analysis of the supplementary budget shows that the Kisii County Assembly budget did not have any line item as foreign travel. The money used for the trips was advanced to the assembly by the Kisii County Treasury.
- ii. The foreign trips were paid in form of imprest to County Assembly members and no surrenders with supporting air tickets, invitations letters, passports and boarding passes and reports from the trips were produced for verification and it was therefore difficult to confirm whether the trips ever took place.
- iii. No invitation letters were made available to ascertain the need for the expenditure and whether it was beneficial to the Kisii County Assembly.
- iv. In addition, no evidence was produced to ascertain the need or reasons for the travels as a justification for the expenditure and whether it was beneficial to the County Assembly and the general public.

The Government may have lost public funds of Kshs. 20,241,086 on unjustifiable expenditure.

Recommendation

The Members and Staff who travelled to foreign Countries must avail passports and boarding pass as evidence that they indeed travelled and those that fail to account the amounts should be recovered from concerned members.

4.7 Late duty allowances

The Members of Kisii County Assembly irregularly received late duty allowance while debating at Kisii Assembly within their work stations as shown below.

Item	Date	PV No.	Amount
Late Duty Allowance	30-6-2014	529	1,160,000.00
Late Duty Allowance	30-6-2014	525	589,000.00
Total			1,749,000.00

The payments made were not as per any circular, Code of Regulations, Policy or Act. It was therefore not clear on what basis it was being effected.

Recommendation

The accounting officer should ensure that the irregular payments are recovered from members.

4.8 Payments for Meetings outside the Jurisdiction of the Assembly

During the period under review, County Assembly incurred expenditure totalling Kshs.13,640,370 on paying sitting allowances, accommodation, lunches and transport to MCAs and staff holding meetings outside the Assembly Offices but within the County. No explanation or standing orders were provided for holding several meetings outside the Assembly.

Recommendation

The Assembly members should be prudent in their expenses on travelling and accommodation as per the house standing orders.

4.9 Extra Payment of Night Out Allowances

The Assembly in the month of March 2014 paid nightouts totalling Kshs.1,300,000 to eighteen(18) Assembly Members and four (4) staff Members while attending Centre for Parliamentary Studies and Training(CPST) in Mombasa for six days. Analysis of the travelling documents revealed that the members and staff Members were out for only four days leading to overpayments of Kshs.335,000. There was no proper explanation for the over payment.

Recommendation

The Assembly should Institute recovery of Kshs.335,000 being the extra two days paid to Members of the Assembly.

4.10 Payment of Committee Allowances

In the period under review, the County Assembly paid Kshs.220,000 as committee allowances to staff in procurement department and tender committee members contrary to Public Procurement and Disposal Regulations, 2006 Section 12 (5) which states that "Members of tender committee may be paid such honoraria as the procuring entity may determine" such determination or any other authority for the payment of the allowance was not availed for audit verification.

Recommendation

In the absence of any authority for the payments, the Assembly should recover Kshs.220,000 from the respective officers.

4.11 Un-taxed Air Time Allowance to Members of County Assembly

The County Assembly Members of the Assembly were paid Air time allowances of Kshs.5,000 monthly between April 2013 and April 2014 totalling Kshs.2,320,000 by payment vouchers without deducting Pay As You Earn at source as required by Income Tax Act Cap 470, Laws of Kenya.

Recommendation

The management should recover the P.A.Y.E tax and remit to KRA and in future deduct P.A.Y.E on any income from employment and remit the same to K R A.

4.12 Double Payment

In the month of March 2014, the County Assembly paid three (3) Assembly members and two (2) staffs Members per diem allowances totalling Kshs.80,000 for induction training at CPST-Nairobi. On the same dates, the same officers were paid Kshs.80,000 for preparation of final report on fiscal strategy paper in Kisumu leading to double payments of Ksh.80,000.

Recommendation

The double payment of Kshs.80,000 should be recovered from payees and the management should set policies to address internal controls.

4.13 Missing and Unsupported Payments

The County Assembly incurred expenditure totalling Kshs.18,855,011 on the procurement of assorted goods and services. However, the Payment Vouchers for the expenditure were not supported with the necessary documents. Further, the County

Assembly incurred expenditure totalling Kshs.2,215,967 on the procurement of assorted goods and services, whose payment vouchers were not availed for audit verification. It was therefore not possible to ascertain the propriety of the expenditure.

Recommendation

The accountable documents should be properly kept for at least six (6) years and produced on demand by oversight authorities. Further the payment vouchers should be properly supported.

4.14 Goods not Taken on Charge

The Assembly did not record all receipts of goods in the stores ledger totaling to Kshs.15,690,561. Receipts and issues from stores were not supported by Form S. 11, S. 13 and S.3 card, hence the Assembly may have paid for goods not supplied. It was also observed that the duties were not segregated and inspection and acceptance certificates were not filled contrary to section 17 of Public Procurement and Disposal Act 2005.

Recommendation

The Assembly should ensure that store controls are in place to account for receipts of goods and items in line with Government Financial Regulations and Procedures. Ensure segregation of duties especially for receiving, issuing and recording in stores ledger and all items received must be taken on ledger charge.

5.0 HUMAN RESOURCE MANAGEMENT

Irregular Recruitment and Selection of Staff

A. Personal Assistant to the Speaker

An officer was appointed as a Personal Assistant to the Speaker on 6 January 2014.

This appointment was varied to Legal counsel 1 on 30 June 2014 under undisclosed circumstances. The officer has not been placed on the payroll and is being paid through payment vouchers. Management did not explain why the Officer was not placed in the payroll given that his position is in the establishment of the Assembly.

Recommendation

The management should place the officer in the right position and placed in the payroll.

B. Clerk of Kisii County Assembly

An officer was appointed as Clerk of Kisii County Assembly on 29 April 2013. The Clerk was suspended from office from 5 March 2014 over disputes that his appointment to office was irregular but he was reinstated by The Court on 23 May 2014.

No record exists to show how he was reinstated by management. Salaries and Remuneration Commission set Clerks' remuneration at a minimum of basic salary of Kshs120,270, house allowance Kshs 60,000 and other allowances Kshs 20,000. However, the officer was offered basic salary Kshs180,000, house allowance Kshs 46,250, commuter allowance Kshs 18,500. Further, the officer has not been placed in the payroll and there is no evidence that he was paid salary for the year under review.

Recommendation

The management should regularise the appointment and pay the officer the salary as per Salaries Remuneration Commission Circular.

C. Deputy Clerk

An officer was appointed Deputy Clerk on 8 November 2013. He was subsequently appointed acting clerk on 4 March 2014 following the suspension of the substantive Clerk of the assembly from office.

The officer was paid acting allowance from 4 March to 4 September 2014. However, the substantive clerk was reinstated by courts on 23 May 2014. And thus acting capacity should have ceased on 23 May 2014 unless proved otherwise.

Recommendation

The Acting Allowance from June to September 2014 should be recovered

D. Director Finance and Budget

- i. An officer was appointed as Director Finance and Budget on 7 October 2013. He was suspended from office on 1 August 2013 for gross misconduct and the suspension was temporarily lifted by court on 19 September 2013 in a court case where he sued his current and previous employers'. Subsequently, he was deployed by Kisii County Government as a Revenue Officer on 22 November 2013 while awaiting court finalization. He is currently serving as Director Finance and Budget but there is no record held in his personal file showing how he was deployed to this position from revenue office.
- ii. The officer withdrew the Court case where he sued his current employer on 10 February 2014. There is no record showing that the officer has been cleared of the charges despite being a bonafide employee and Director Finance and Budget of Kisii County Assembly.
- iii. The June 2014 payroll show the officer's remuneration as basic salary of Kshs 78,480, house allowance Kshs 43,000 and commuter allowance Kshs.20,000 which is not defined by Salaries and Remuneration Commission circulars.
- iv. Further, County Assembly Service Board advertisement Directors' position, had a general requirement of a Masters' degree, three years' work experience except the position of Director Finance & Budget that called for merely 3 years experience as a Senior Finance Officer reflecting that this positions requirement

were not clearly defined. The academic testimonials of Mr. Amenity are not documented in his personal file. As a result, the propriety of the appointment could not be ascertained.

Recommendation

The management should investigate the circumstances under which the officer was appointed in the post of Director Finance and Budget without due process being followed.

E. Driver

An officer in Kisii County Assembly received parallel appointments on 1 July 2013 as Driver III and Senior Driver. He was appointed on 1 June 2013 as clerical officer III.

The remuneration for the positions are different. According to Salaries and Remuneration Commission, drivers III are paid basic salary of Kshs19,323 house allowance Kshs 5,000 and other allowances Kshs 4,000 resulting to gross earning of Kshs 28,323. However according to June 2014 payroll the officer was paid basic salary of Kshs 31,020, house Kshs10,000 and other allowances Kshs 5,000 leading to gross earnings of Kshs 46,020. If the officer was appointed as a Driver III he was overpaid Kshs.298,065 from July 2013 to June 2014.

Recommendation

It should be determined the correct position on the job requirement of where the officer is placed and if there was any overpayment the same should be recovered.

F. Maintenance Officer

An officer was appointed as maintenance officer I on 1 May 2013. Salaries and Remuneration Commission has put the remuneration of the position at basic salary of Kshs 41,590, house allowance Kshs 20,000, and other allowances Kshs 6,000 but June 2014 payroll indicates that the officer was paid basic Kshs 28,940, house Kshs 13,000 and commuter allowance Kshs 2,000. The officer is underpaid for services offered by Ksh.283,800 for twelve months under review.

Recommendation

The management should adjust the officer salary upward by Ksh.23,650 per month and pay the officer Ksh.283,800.

G. Personal Secretary III

An officer received two parallel appointments on 1 May 2013 as Personal Secretary III and senior office attendant (Officer II) under undisclosed circumstances, despite the fact that the salary scale attached to the two positions did not change. Salaries and Remuneration Commission has put remuneration at basic salary of Kshs 35,910 for position of Personal Secretary III. However, June 2014 payroll indicates that the officer was paid basic salary at Kshs 31,020 leading to underpayment of Ksh12,524.

Recommendation

The correct position should be determined and the earning adjusted appropriately.

H. Clerical Officer

An officer received 3 parallel appointments on 1 July 2013 as Clerical Officer, Clerical Officer II, as Second Clerk Assistant. Salaries and Remuneration Commission has put remuneration at basic salary of Kshs 35,910 but the officer was paid basic Kshs 41,590 leading to overpayment of Kshs 5,680

Recommendation

The management should recover overpayment of Kshs. 5,680.

I. Director Human Resource

An officer was appointed Director Human Resource Kisii County Assembly on 15 October 2013. County Assembly Service Board vacancies required a Masters' degree in Human Resource Management but the officer holds a Bachelors' degree and not masters' as attested in her personal file. As a result, we could not ascertain that the officer's appointment is regular.

The Kisii County Assembly risk recruiting Inefficient and ineffective staffing which affect service delivery.

Recommendation

The Assembly should adhere to proper recruitment process.

Conclusion

The County Assembly should address the anomalies noted in order to ensure effective delivery of services to the people of Kisii County. Laid down Government procedures and processes should be adhered to ensure public resources are only utilized for purposes for which they were intended.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2015

Annex i –Irregular payment of allowances Ksh.5,338,200

DEVOLUTION COMMITTEE	Designation	No. of sittings	Rate	Amount
Hon. Haron Motume Masese	Chairman Responsibility	18 sittings	6,500	117,000
		3 months	26,000	78,000
Hon. Joyce K. Isaac	vice-chairman Responsibility	18 sittings	5,200	93,600
		3 months	23,000	69,000
Hon. Shem Ondara	member	18 sittings	3,900	70,200
Hon. George M. Bibao	member	18 sittings	3,900	70,200
Hon. Jane Kananga	member	18 sittings	3,900	70,200
Hon. Peter Omari	member	18 sittings	3,900	70,200
Hon. Tabitha Okong'o	member	18 sittings	3,900	70,200
Hon. Magret Nekesa	member	18 sittings	3,900	70,200
Hon. Sabina Kennedy	member	18 sittings	3,900	70,200
Hon. Phelister Metobo	member	18 sittings	3,900	70,200
Hon. Godfrey Ogembo	member	18 sittings	3,900	70,200
Hon. Obwogi Zico Evans	member	18 sittings	3,900	70,200

Hon. John Ombati	member	18 sittings	3,900	70,200
Hon. Isaiah Mosota	member	18 sittings	3,900	70,200
Hon. Timothy Nyarango	member	18 sittings	3,900	70,200
Hon. Vincent OnyandoGitene	member	18 sittings	3,900	70,200
PROCEDURES & RULES COMMITTEE				
Hon. NyamweyaMosota Isaiah	Chairman	18 sittings	6,500	117,000
	Responsibility	3 months	26,000	78,000
Hon. Vincent OnyandoGitene	Vice-chairman	18 sittings	5,200	93,600
	Responsibility	3 months	23,000	69,000
Hon. KoinaOnyancha	member	18 sittings	3,900	70,200
Hon. Evans MokoroOmwansu	member	18 sittings	3,900	70,200
Hon. Lydia KemuntoOkwoyo	member	18 sittings	3,900	70,200
Hon. Josephine Ombati	member	18 sittings	3,900	70,200
Hon. KerosiOndieki (speaker)	member	18 sittings	3,900	70,200
Hon. Edward Otuke	member	14 sittings	3,900	54,600
Hon. Tabitha Okong'o	member	6 sittings		

			3,900	23,400
Hon. Esther NyongoNyamwamu	member	8 sittings	3,900	31,200
LIASON COMMITTEE				
			6,500	143,000
Hon. Evans Mokoro	Chairman Responsibility	22 sittings 3 months	26,000	78,000
Hon. Samson MatokeNyagaka	Vice- chairman Responsibility	22 sittings 3 months	5,200 23,000	114,400 69,000
Hon. Catherine ManziKitheka	member	21 sittings	3,900	81,900
Hon. KoinaOnyancha	member	22 sittings	3,900	85,800
Hon. Charles MochogeNyagoto	member	22 sittings	3,900	85,800
Hon. Albert MoindeOino	member	22 sittings	3,900	85,800
Hon. Wilfred MonyenyeYoge	member	22 sittings	3,900	85,800
Hon. Dennis Ochwang'iOmbachi	member	22 sittings	3,900	85,800
Hon. KerosiOndieki	member	22 sittings	3,900	85,800
Hon. Daniel OmbasaApepo	member	22 sittings	3,900	85,800
Hon. Peter NyaegaOngeri	member	22 sittings	3,900	85,800
Hon. Pius	member	22 sittings		

AbukiBwongeri			3,900	85,800
Hon. MoindiProtus	member	22 sittings	3,900	85,800
Hon. NyamweyaMosota Isaiah	Non- member	22 sittings	3,900	85,800
Hon. Charles Onchong'aMaina	member	22 sittings	3,900	85,800
Hon. Wright Boniface Okenye	member	22 sittings	3,900	85,800
Hon. Alfred Onguti	member	12 sittings	3,900	46,800
Hon. Timothy Ogugu	member	12 sittings	3,900	46,800
Hon. Cosmas O. Saka	member	12 sittings	3,900	46,800
Hon. Ronald Onduso	member	12 sittings	3,900	46,800
Hon. AngasaOnukoh	member	12 sittings	3,900	46,800
Hon. PhelistaMetobo	member	12 sittings	3,900	46,800
Hon. Henry Moracha	member	12 sittings	3,900	46,800
Hon. Tabitha Okong'o	member	12 sittings	3,900	46,800
Hon. MotumeMasase	member	12 sittings	3,900	46,800
Hon. Francis Aburi	Non- member	1 sitting	3,900	3,900
IMPLEMENTATION COMMITTEE				

			6,500	117,000
Hon. Charles MochogeNyagoto	Chairman Responsibility	18 sittings 3 months		
			26,000	78,000
Hon. ElkanahMakoriNyandoro	Vice- chairman Responsibility	18 sittings 3 months	5,200	93,600
			23,000	69,000
Hon. Catherine ManziKitheka	member	18 sittings	3,900	70,200
Hon. Kennedy MichiraNyakundi	member	18 sittings	3,900	70,200
Hon. Peter NyaegaOngeri	member	18 sittings	3,900	70,200
Hon. Richard BundiMachana	member	18 sittings	3,900	70,200
Hon. Samson MatokeNyagaka	member	18 sittings	3,900	70,200
Hon. Timothy OkiomeriOgugu	member	18 sittings	3,900	70,200
Hon. Vincent OnyandoGitene	member	18 sittings	3,900	70,200
Hon. PhelistaOchakoMetobo	member	18 sittings	3,900	70,200
Hon. Irene Areri	member	10 sittings	3,900	39,000
Hon. Josephine Ombati	member	18 sittings	3,900	70,200
Hon. OchwangiMengo	member	18 sittings	3,900	70,200
Hon. Samuel Apoko	Non-	14 sittings		

	member		3,900	54,600
			Total	5,338,200

Distance from Assembly to Wards - Annex ii

NAME	WARD	K.M		WEEKS	CORRECT AMOUNT	AMOUNT PAID KSHS	RECOVER	MTHS	TOTAL RECOVER
Charles Mochoge Nyagoto	BOGEKA	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Elkanah Makori Nyandoro	BOTKANGA	80	109.8	4	35136	39,528.00	4,392.00	6	26,352.00
Charles Onchong'a Maina	MONYERERO	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Wilfred Monyenye Yoge	KISII CENTRAL	0	109.8	4	0	39,528.00	39,528.00	6	237,168.00
Francis N.D.Abur Oyaro	ICHUNI	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Peter Nyaega Onger	NYACHEKI	80	109.8	4	35136	39,528.00	4,392.00	6	26,352.00
Daniel Ombasa APEPO	TABAKA	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Peter Nyabuto Omari	MASIGE WEST	64	109.8	4	28108.8	39,528.00	11,419.20	6	68,515.20
Samuel Kerosi Ondieki	KEUMBU	10	109.8	4	4392	39,528.00	35,136.00	6	210,816.00
Pius Abuki Bw'Onger	TOWNSHIP	0	109.8	4	0	39,528.00	39,528.00	6	237,168.00
John Maisiba Ombati	BOMORENDA	10	109.8	4	4392	39,528.00	35,136.00	6	210,816.00
Samson Matoke Nyagaka	NYAMASIBI	84	109.8	4	36892.8	39,528.00	2,635.20	6	15,811.20
Koina Onyancha	BOMBABA BORABU	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Reuben Choi Moreka	BOGETENGA	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Dennis Ochwang'I Ombachi	MARANI	34	109.8	4	14932.8	39,528.00	24,595.20	6	147,571.20
Kennedy Michira Mainya	KIAMOKAMA	50	109.8	4	21960	39,528.00	17,568.00	6	105,408.00
George Morara Bibao	BOKIMONGE	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Shem Ondara	BOOCHI/TENDERE	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Protus Aramba Moindi	BOMARIBA	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Evans Zico Obwogi	SAMETA MOKWERERO	20	109.8	4	8784	39,528.00	30,744.00	6	184,464.00
Godfrey Nyamache Ogembo	BIRONGO	20	109.8	4	8784	39,528.00	30,744.00	6	184,464.00
Evans Mokoro Omwansu	MOTICHO	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Edward Otuke Ochwangi	BOGUSERO	20	109.8	4	8784	39,528.00	30,744.00	6	184,464.00
Joash Nyaribo Orora	MASIMBA	50	109.8	4	21960	39,528.00	17,568.00	6	105,408.00
Catherine Kasyoka M Kitheka	MAJOGE BASI	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Wright Bonface Okenye	BASI BOGETAORIO	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Albert Moinde Oino	CHITAGO/BORABU	84	109.8	4	36892.8	39,528.00	2,635.20	6	15,811.20
Henry Moracha	BASI CENTRAL	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Timothy Mokua Nyarang'o	BOSOTI/SENGERA	34	109.8	4	14932.8	39,528.00	24,595.20	6	147,571.20
Timothy Okiomeri Ogugu	MAGENCHE	76	109.8	4	33379.2	39,528.00	6,148.80	6	36,892.80
Grace Achoki Kwamboka			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Samwel Angasa Onukoh	BOOCHI BORABU	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Onchonga Saisi Nyagaka	SENSI	14	109.8	4	6148.8	39,528.00	33,379.20	6	200,275.20
Philip Obote Motonu	RIANA	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00



Kennedy Michira Nyakundi	KEUMBU	20	109.8	4	8784	39,528.00	30,744.00	6	184,464.00
Henry Mariita Goti	KEGOGI	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Samwel Kenny Nyanganya	BOBARACHO	10	109.8	4	4392	39,528.00	35,136.00	6	210,816.00
Isaiah Mosota Nyamweya *	BOBASI/BOITANG'ARE	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Alfred Makori Onguti	IBENO	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Ronald Morara Onduso	GETENGA	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Cosmas Ombura Saka	NYAKOE	24	109.8	4	10540.8	39,528.00	28,987.20	6	173,923.20
Robert Nyamache Siocha	BASSI CHACHE	40	109.8	4	17568	39,528.00	21,960.00	6	131,760.00
Samwuel Apoko Onkwani	KIOGORO	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
Haron Motume Masase	MASIGE EAST	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Richard Bundi Machana	BOGIAKUMU	10	109.8	4	4392	39,528.00	35,136.00	6	210,816.00
Maranga Sammu Keronche	GESUSU	50	109.8	4	21960	39,528.00	17,568.00	6	105,408.00
Isabellah Nyaboke Oigara	NOT INDICATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Isabella Mose Bochaberi	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Tabitha Okongo Bitutu			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Grace Ogonda Nyabwari	BOKIMONGE	70	109.8	4	30744	39,528.00	8,784.00	6	52,704.00
Jane Monyangi Kananga	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Lidiah Okwoyo Kemunto	KISII CENTRAL		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Irene Areri Nyamisa	BOMARIBA		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Christine Karemi Muturi	GESUSU		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Josephine Kerubo Ombati	MOSOCHO		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Janifa Marube Bosibori	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Lucy Bosire			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Onsongo Kefah Manyura			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Norah Bochaberi Onyanicha			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Safina Kennedy Bonareri	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Phelister Metobo Ochako			109.8	4	0	39,528.00	39,528.00	6	237,168.00
Agnes Kerubo *	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Ochwangi Mengo	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Dida Jaldesa Muslima	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Joyce Isaac Kwamboka	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Risper Kemunto Onguti	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Alice Boyani Oanda	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Esther Nyamwamu Nyongo	BOOCHI BORABU		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Anne Gati Khesabo	KISII CENTRAL		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Nancy Ongeru Nyanchoka	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Margaret Ontonga Nekesa	NOMINATED		109.8	4	0	39,528.00	39,528.00	6	237,168.00
Gitene Vincent Onyando	NYATIEKO	30	109.8	4	13176	39,528.00	26,352.00	6	158,112.00
						2,846,016.00	1,996,603.20	6	11,979,619.20



Distance from Assembly to Wards - Annex iii

Name	Ward	KM	Kshs Rate	Weeks	CORRECT AMOUNT	AMOUNT PAID KSHS
Charles Mochoge Nyagoto	BOGEKA	30	109.8	4	13176	39,528.00
Elkanah Makori Nyandoro	BOTKANGA	80	109.8	4	35136	39,528.00
Charles Onchong'a Maina	MONYERERO	40	109.8	4	17568	39,528.00
Wilfred Monyenye Yoge	KISII CENTRAL	0	109.8	4	0	39,528.00
Francis N.D.Abur Oyaro	ICHUNI	40	109.8	4	17568	39,528.00
Peter Nyaega Onger	NYACHEKI	80	109.8	4	35136	39,528.00
Daniel Ombasa APEPO	TABAKA	40	109.8	4	17568	39,528.00
Peter Nyabuto Omari	MASIGE WEST	64	109.8	4	28108.8	39,528.00
Samuel Kerosi Ondieki	KEUMBU	10	109.8	4	4392	39,528.00
Pius Abuki Bw'Onger	TOWNSHIP	0	109.8	4	0	39,528.00
John Maisiba Ombati	BOMORENDA	10	109.8	4	4392	39,528.00
Samson Matoke Nyagaka	NYAMASIBI	84	109.8	4	36892.8	39,528.00
Koina Onyancha	BOMBABA BORABU	40	109.8	4	17568	39,528.00
Reuben Choi Moreka	BOGETENGA	70	109.8	4	30744	39,528.00
Dennis Ochwang'I Ombachi	MARANI	34	109.8	4	14932.8	39,528.00
Kennedy Michira Mainya	KIAMOKAMA	50	109.8	4	21960	39,528.00
George Morara Bibao	BOKIMONGE	70	109.8	4	30744	39,528.00
Shem Ondara	BOOCHI/TENDERE	30	109.8	4	13176	39,528.00
Protus Aramba Moindi	BOMARIBA	30	109.8	4	13176	39,528.00
Evans Zico Obwogi	SAMETA MOKWERERO	20	109.8	4	8784	39,528.00
Godfrey Nyamache Ogembo	BIRONGO	20	109.8	4	8784	39,528.00
Evans Mokoro Omwansu	MOTICHO	70	109.8	4	30744	39,528.00
Edward Otuke Ochwangi	BOGUSERO	20	109.8	4	8784	39,528.00
Joash Nyaribo Orora	MASIMBA	50	109.8	4	21960	39,528.00
Catherine Kasyoka M Kitheka	MAJOGÉ BASI	70	109.8	4	30744	39,528.00
Wright Bonface Okenye	BASI BOGETAORIO	30	109.8	4	13176	39,528.00
Albert Moinde Oino	CHITAGO/BORABU	84	109.8	4	36892.8	39,528.00
Henry Moracha	BASI CENTRAL	40	109.8	4	17568	39,528.00
Timothy Moku Nyarang'o	BOSOTI/SENGERA	34	109.8	4	14932.8	39,528.00



Timothy Okiomeri Ogugu	MAGENCHE	76	109.8	4	33379.2	39,528.00
Grace Achoki Kwamboka			109.8	4	0	39,528.00
Samwel Angasa Onukoh	BOOCHI BORABU	40	109.8	4	17568	39,528.00
Onchonga Saisi Nyagaka	SENSI	14	109.8	4	6148.8	39,528.00
Philip Obote Motonu	RIANA	30	109.8	4	13176	39,528.00
Kennedy Michira Nyakundi	KEUMBU	20	109.8	4	8784	39,528.00
Henry Mariita Goti	KEGOGI	40	109.8	4	17568	39,528.00
Samwel Kenny Nyanganya	BOBARACHO	10	109.8	4	4392	39,528.00
Isaiah Mosota Nyamweya *	BOBASI/BOITANG'ARE	40	109.8	4	17568	39,528.00
Alfred Makori Onguti	IBENO	30	109.8	4	13176	39,528.00
Ronald Morara Onduso	GETENGA	70	109.8	4	30744	39,528.00
Cosmas Ombura Saka	NYAKOE	24	109.8	4	10540.8	39,528.00
Robert Nyamache Siocha	BASSI CHACHE	40	109.8	4	17568	39,528.00
Samwuel Apoko Onkwani	KIOGORO	30	109.8	4	13176	39,528.00
Haron Motume Masase	MASIGE EAST	70	109.8	4	30744	39,528.00
Richard Bundi Machana	BOGIKUMU	10	109.8	4	4392	39,528.00
Maranga Sammu Keronche	GESUSU	50	109.8	4	21960	39,528.00
Isabellah Nyaboke Oigara	NOT INDICATED		109.8	4	0	39,528.00
Isabella Mose Bochaberi	NOMINATED		109.8	4	0	39,528.00
Tabitha Okongo Bitutu			109.8	4	0	39,528.00
Grace Ogonda Nyabwari	BOKIMONGE	70	109.8	4	30744	39,528.00
Jane Monyangi Kananga	NOMINATED		109.8	4	0	39,528.00
Lidiah Okwoyo Kemunto	KISII CENTRAL		109.8	4	0	39,528.00
Irene Areri Nyamisa	BOMARIBA		109.8	4	0	39,528.00
Christine Karemi Muturi	GESUSU		109.8	4	0	39,528.00
Josephine Kerubo Ombati	MOSOCHO		109.8	4	0	39,528.00
Janifa Marube Bosibori	NOMINATED		109.8	4	0	39,528.00
Lucy Bosire			109.8	4	0	39,528.00
Onsongo Kefah Manyura			109.8	4	0	39,528.00
Norah Bochaberi Onyancha			109.8	4	0	39,528.00
Safina Kennedy Bonareri	NOMINATED		109.8	4	0	39,528.00
Phelister Metobo Ochako			109.8	4	0	39,528.00
Agnes Kerubo *	NOMINATED		109.8	4	0	39,528.00
Ochwangi Mengo	NOMINATED		109.8	4	0	39,528.00



Dida Jaldesa Muslima	NOMINATED		109.8	4	0	39,528.00
Joyce Isaac Kwamboka	NOMINATED		109.8	4	0	39,528.00
Risper Kemunto Onguti	NOMINATED		109.8	4	0	39,528.00
Alice Boyani Oanda	NOMINATED		109.8	4	0	39,528.00
Esther Nyamwamu Nyongo	BOOCHI BORABU		109.8	4	0	39,528.00
Anne Gati Khesabo	KISII CENTRAL		109.8	4	0	39,528.00
Nancy Onger Nyanchoka	NOMINATED		109.8	4	0	39,528.00
Margaret Ontonga Nekesa	NOMINATED		109.8	4	0	39,528.00
GITENE VINCENT ONYANDO	NYATIEKO	30	109.8	4	13176	39,528.00
						2,846,016.00



Annex iv

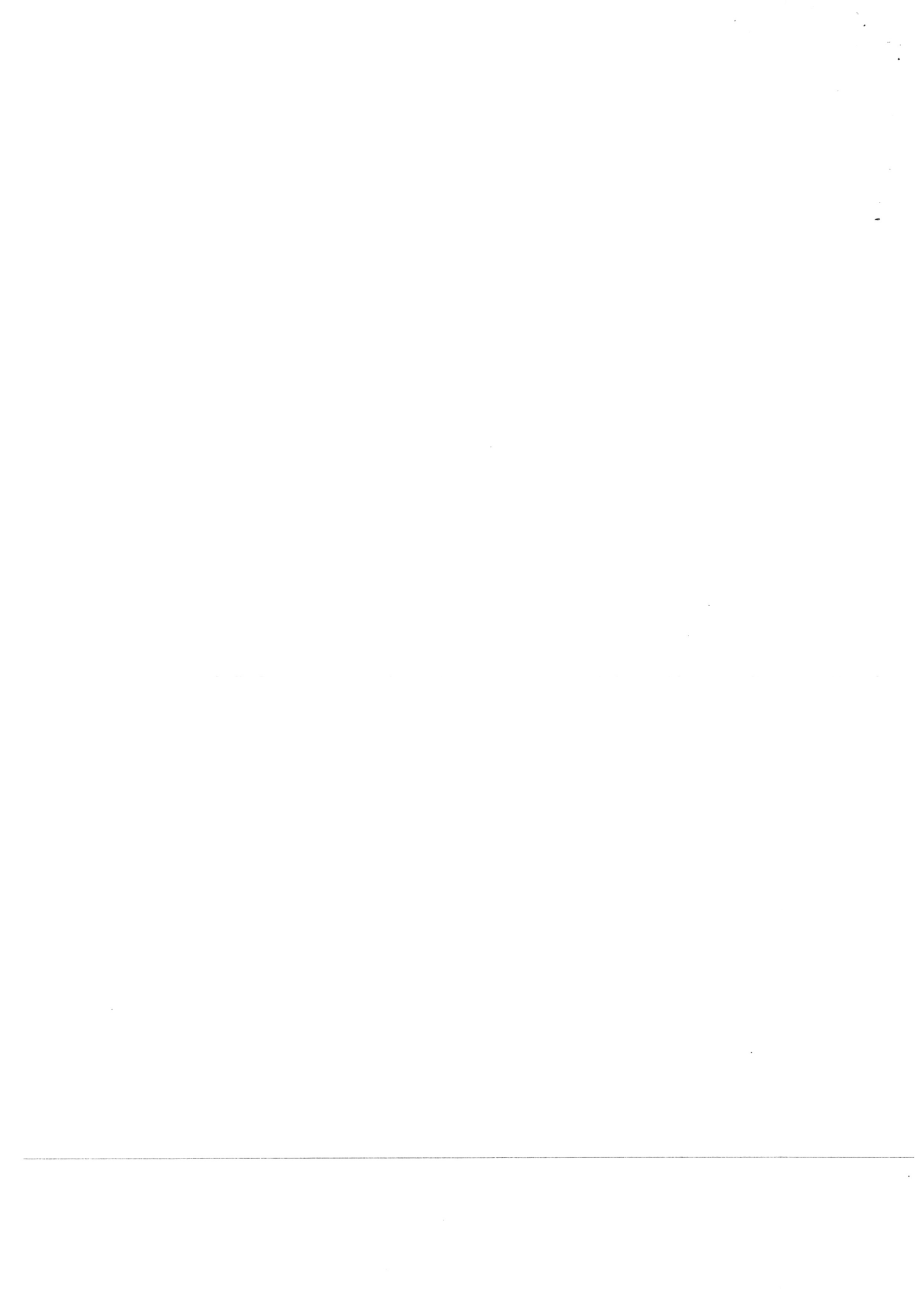
SOUTH AFRICA AS FROM 8TH APRIL TO 15TH APRIL 2014						
	NAME/PAYEE	Invitation/ Correspondance with the Host	Mode of payment	number of days	ACCOMMODATION(S UBSISTENCE) AMOUNT	REMARKS
1	Hon. Samuel Onuko	Organizer was KCA	Imp1934779	13	258,550.00	the MCA has not accounted for the funds
2	Hon. Dennis Ombachi		Imp1934780	13	258,550.00	"
3	Hon. Evans Obwogi		Imp1934781	13	258,550.00	"
4	Hon. Henry Marita Gori		Imp1934782	13	258,550.00	"
5	Hon. Kennedy Michira		Imp1934783	13	258,550.00	"
6	Hon .John Ombati		Imp1934784	13	258,550.00	"
7	Hon. Evans Mokoro		Imp1934785	13	258,550.00	"
8	Hon. Samson Matoke		Imp1934786	13	258,550.00	"
9	Hon. Lucy Bosire		Imp1934791	13	258,550.00	"
10	Hon. Timothy Ogugu		Imp1934787	13	258,550.00	"
11	Hon. Richard Bundi		Imp1934789	13	258,550.00	"
12	Hon. Wright Okenye		Imp1934788	13	258,550.00	"
13	Hon.Risper Kemunto		Imp1934790	13	258,550.00	"
	ASSEMBLY SECRETARIAT					
14	Joseph Maranga Amenya		Imp1934778	13	262,550.00	
15	Shem Ondara		Imp1934798	13	258,550.00	"
16	Henry Moracha		Imp1934797	13	258,550.00	"
					4,140,800.00	



Annex v

USA FROM 20 NOVEMBER 2014

NAME	Purpose	Days	Amount	Remarks
Hon. Pris Abuki Bwongeri	Benchmarking	10	635,000.00	Not Supported



Annex vi

VISITATION TO INDIA AS FROM 12 APRIL 2014 TO 21 APRIL 2014

	NAME/PAYEE	Invitation/ Correspondance with the Host	Mode of payment	number of days	Rate	ACCOMMODATION(SUB SISTENCE)AMOUNT	REMARKS
1	Hon.Protus Moindi	non	Cash	8	\$393	226,960.00	the MCA has not accounted for the funds
2	Hon.Joash Orora	non	Cash	8	\$393	226,960.00	"
3	Hon.Francis Aburi	non	Cash	8	\$393	226,960.00	"
4	Hon. Joice Kwamboka	non	Cash	8	\$393	226,960.00	"
5	Hon.Samwel Nyangeny	non	Cash	8	\$393	226,960.00	"
6	Hon.Timothy Nyarango	non	Cash	8	\$393	226,960.00	"
7	Hon.Cosmas Saka	non	Cash	8	\$393	226,960.00	"
8	Hon.George Bibao	non	Cash	8	\$393	226,960.00	"
9	Hon.Esther Nyamwamu	non	Cash	8	\$393	226,960.00	"
10	Hon.Grace Achoki	non	Cash	8	\$393	226,960.00	"
11	Hon. Anne Gati	non	Cash	8	\$393	226,960.00	"
12	Hon. Peter Omari	non	Cash	8	\$393	226,960.00	"
13	Hon.Apoko Samuel	non	Cash	8	\$393	226,960.00	"
14	Hon. Philip Motonu	non	Cash	8	\$393	226,960.00	"
15	Hon.Josephine Ombati	non	Cash	8	\$393	226,960.00	"
16	Hon.Charles Nyagoto	non	Cash	8	\$393	226,960.00	"
17	Hon.Peter Onger	non	Cash	8	\$393	226,960.00	"
18	Hon.Haron Masase	non	Cash	8	\$393	226,960.00	"
19	Hon. Elkanah Nyandoro	non	Cash	8	\$393	226,960.00	"
20	Hon.Vincent Gitene	non	Cash	8	\$393	226,960.00	"
21	Hon.Mengo Onchwangi	non	Cash	8	\$393	226,960.00	"
22	Hon.Albert Oino	non	Cash	8	\$393	226,960.00	"
23	Hon.Catherine Manzi	non	Cash	8	\$393	226,960.00	"
24	Hon.Lydia Okwoyo	non	Cash	8	\$393	226,960.00	"
25	Hon. Isaiah mosota	non	Cash	8	\$393	226,960.00	"
26	Hon.Robert Siocha	non	Cash	8	\$393	226,960.00	"
27	Hon.Alice Oanda	non	Cash	8	\$393	226,960.00	"



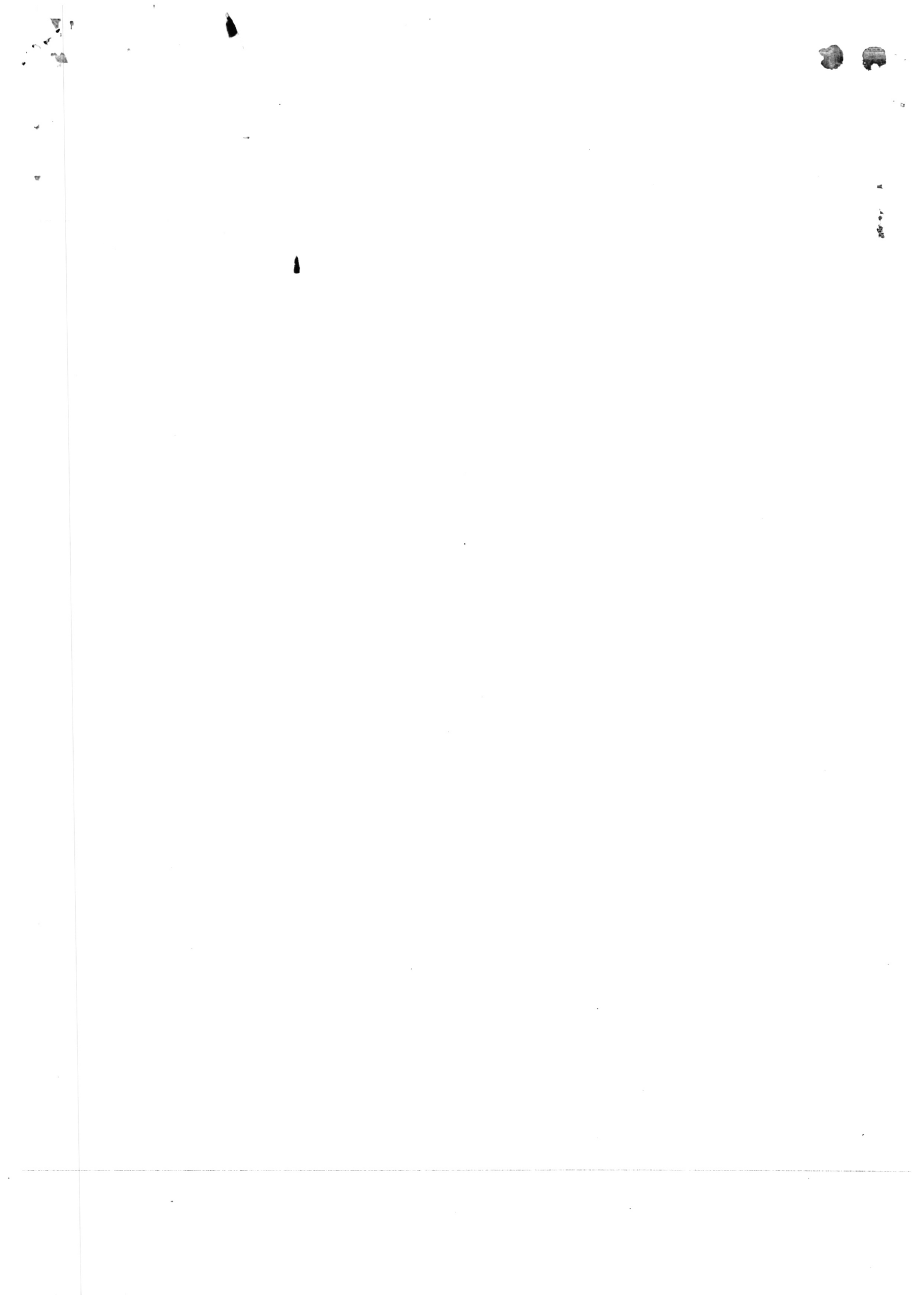
28	Hon.Alfred Onguti	non	Cash	8	\$393	226,960.00	"
29	Hon.Grace Ogonda	non	Cash	8	\$393	226,960.00	"
30	Hon.Jane Kananga	non	Cash	8	\$393	226,960.00	"
31	Hon.Nancy Onger	non	Cash	8	\$393	226,960.00	"
32	Hon.Norah Onyancha	non	Cash	8	\$393	226,960.00	"
33	Hon.Onchong'a Saisi	non	Cash	8	\$393	226,960.00	"
34	Hon.Kefa Manyura	non	Cash	8	\$393	226,960.00	"
35	Hon. Pius Abuki	non	Cash	8	\$393	226,960.00	"
36	Hon.Isabella Mose	non	Cash	8	\$393	226,960.00	"
37	Hon. Daniel Apepo	non	Cash	8	\$393	226,960.00	"
38	Hon. Cosmas Saka	non	imp2012448	9	\$393	248,056.00	
	SECRETARIET						
39	Edward Ondieki	non	Cash	8	\$393	226,960.00	the employee has not accounted for the funds
40	Andrew Angwenyi	non	Cash	8	\$393	226,960.00	"
41	George Ochoti	non	Cash	8	\$393	226,960.00	"
42	Sabina Kennedy	non	Cash	8	\$393	226,960.00	"
43	Reuben Moreka	non	Cash	8	\$393	226,960.00	"
44	Vic tor Omenge	non	Cash	8	\$393	226,960.00	"
						10,007,336.00	



Annex vii

ISRAEL FROM 25TH NOVEMBER TO 4TH DECEMBER 2013							
	NAME/PAYEE	Mode of payment	number of days	Rate	ACCOMMODATION(SUBSISTENCE)AMOUNT	AIRTICKET(TRA VEL)AMOUNT	REMARKS
	Kenfam international company	IFMIS No 371187				1,518,560.00	The air ticket counter foil were not availed.
1	Hon. Charles Onyong'a saisi	imp1845241	10		419,760.00		the MCA has not accounted for the funds
2	Hon. Evans Mokoro	imp1845239	10		419,760.00		"
3	Hon . Phelister metobo	imp1845238	10		419,760.00		"
4	Hon.Isabella Nyaboke Ong'era	imp1845236	10		419,760.00		"
5	Hon. Kennnedey Nyakundi	imp1844537	10		419,760.00		"
6	Hon. Robert Siocha	imp1845240	10		419,760.00		"
7	Hon. Charles Onyong'a saisi	imp1832710	0		386,370.00		"
					2,904,930.00	1,518,560.00	
	GRAND TOTAL					4,423,490.00	





UGANDA AS FROM 18TH DECEMBER 2013 TO 24TH DECEMBER 2013

	NAME/PAYEE	Correspondance with the Host	Mode of payment	No. of days	ACCOMMODATION (SUBSISTENCE)AMOUNT	AIRTICKET(TRAVEL)AMOUNT	REMARKS
1	Ronald Onduso	non	unvouched	6	172,410.00	unvouched	Not Surrendered
2	Elkanah Makori	non	unvouched	6	172,410.00	unvouched	"
3	Danniel O.Apepo	non	unvouched	6	172,410.00	unvouched	"
4	Albert Oino	non	unvouched	6	172,410.00	unvouched	"
5	Reuben C. Moreka	non	unvouched	6	172,410.00	unvouched	"
6	Evans Mokoro	non	unvouched	6	172,410.00	unvouched	"
					1,034,460.00	1,034,460.00	

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenyaweb.com



REPUBLIC OF KENYA



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

ISL/CA/42/2013/14(14)

15 June 2015

~~Mr Abdulahi Dhima
Clerk to the Isiolo County Assembly
P.O. Box 36
ISILOLO~~

① D/Com
Please deal
18/06/15

Dear Mr Dhima

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF ISILOLO COUNTY ASSEMBLY FOR THE YEAR ENDED 30 JUNE 2014

I transmit the report of the Auditor-General on the examination of the financial operations of the Isiolo County Assembly for the year ended 30 June 2014.

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

Edward R.O. Ouko, CBS
Auditor-General



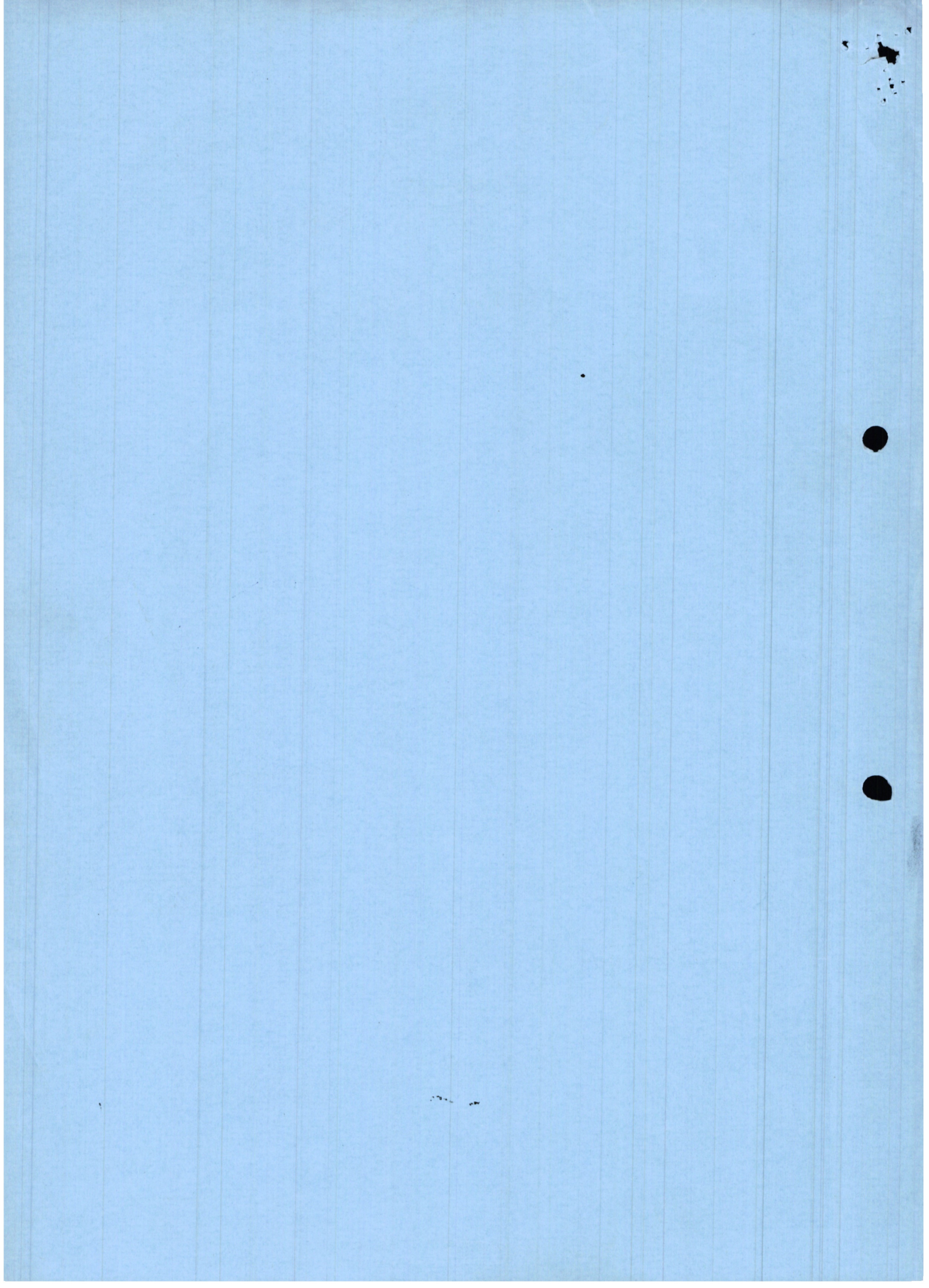
Copy to: **Mr. Jeremiah Nyegenye**
Clerk to the Senate
P.O. Box 41842
NAIROBI

JK

Dr. Doyo Godana
The Governor
Isiolo County Government
P.O. Box 36-60300,
ISILOLO

JK

② Clerk Assist I - CPATC
Please note and place on agenda
and deal appropriately
22/06/15



REPUBLIC OF KENYA



Telegraphic Address
'Bunge', Nairobi
Telephone, 020-2848000
Fax: 2243694
E-mail: cSenate@parliament.go.ke

Clerk's Chambers
The Senate
Parliament Buildings
P. O. Box 41842 -00100
Nairobi, Kenya

PARLIAMENT
OFFICE OF THE CLERK OF THE SENATE

Ref: COS/GEN/CORR/2015/183

Date: 18th June, 2015.

Mr. Edward R. O. Ouko, CBS,
Auditor General,
Kenya National Audit Office,
P. O. Box 30084-00100,
NAIROBI.

Dear *Ed,*

RE: REPORT OF THE AUDITOR - GENERAL ON THE FINANCIAL OPERATIONS OF THE ISIOLO COUNTY ASSEMBLY FOR THE YEAR ENDED 30 JUNE, 2014.

I acknowledge with thanks receipt of your letter Ref. No. ISL/CA/42/2013/14(14) dated 15th June, 2015 regarding the above subject matter.

This is to inform you that the contents of your letter have been noted and forwarded to the Sessional Committee on County Public Accounts and Investments for its consideration and further action.

Mr. Derrick Koli, Clerk Assistant (0716876422) is the Clerk to the Committee and the officer responsible for facilitating this matter.

Yours

Truly,

J. M. NYEGENYE, CBS,
CLERK OF THE SENATE.

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

PAPER LAD
By Senator for
Karanga (Sen.
Khawale on
28/6/2015
MD

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL OPERATIONS OF
ISIOLO COUNTY ASSEMBLY

FOR THE PERIOD
1 JULY 2013 TO 30 JUNE 2014



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However, procurement of goods, services and works were done as need arises through the County Executive. In the circumstances the independence of the County Assembly was compromised.

3.0 Operationalization of Ward Offices

During the year under review, the County Assembly budgeted Kshs.12, 000,000 to finance the operation of ten (10) Ward Offices within the County in pursuance of section 47 of the Isiolo County Assembly Service Board (Operationalization) Regulations, 2013. Consequently, an expenditure of Kshs.8, 800,000 was incurred in respect of Office rent, salaries and other operations which were paid to the Members of the County Assembly (MCA's) at a rate of Kshs.800, 000 each.

However, there was no documentary evidence to show that the salaries of the employees were set by the Salaries and Remuneration Commission (SRC) as required by article 230(4) of the Constitution and it was also not clear why the payments were made to the MCA's and not the employees themselves.

4.0 Unjustified Foreign Travel Expenditure

The County Assembly budgeted Kshs.15,500,000 for foreign travel, subsistence and transportation costs. Subsequently, an expenditure of Kshs.14, 445,770 was incurred when the MCA's travelled to Dubai and Japan for an Infrastructure, Tourism and Trade conference in Dubai while the trip to Japan was for the purposes of learning Environmental Management, Water Conversation, Sanitation and Waste Management.

However, documentary evidence was not made available for audit verification to confirm that the trips actually took place and were beneficial to the County Assembly.

5.0 Cash and Bank Balances

The County Assembly of Isiolo operated a bank account with Equity bank, Isiolo Branch under the name of Isiolo County Assembly A/C 0410261437860. The bank balance as per the bank statement as at 30 June 2014 was Kshs.7,716,237. However, the Assembly did not balance the cash book on a daily basis or prepare bank reconciliation statements monthly as required by the Government Financial Regulations and Procedures. Therefore, the actual cash book balance as at 30 June 2014 could not be ascertained.

6.0 Staff Establishment

The County Assembly did not have an approved staff establishment. It therefore managed its human resource without an approved establishment. As a result, the adequacy, appropriateness, existence and the necessity to fill vacancies or the possibility of staff progression could not be ascertained.

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF ISIOLO COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

EXECUTIVE SUMMARY

Introduction

The Office of the Auditor General has the mandate to audit and report on the accounts and financial operations of both the National and County governments under Article 229 of the Constitution and Public Audit Act, 2003. Further, Section 107 of the Public Finance Management Act, 2012 requires the County Treasury to enforce fiscal responsibilities in management of County Government public finances.

Audit Objective

The objective of the audit was to ascertain whether the systems formulated and applied by the Isiolo County Assembly were reliable for the management of the County Assembly's finances in the delivery of services to the local residents. The terms of reference set for the audit included verification and confirmation of transactions in respect to but not limited to the following areas:

- ✓ Budgetary controls and performance
- ✓ Procurement of goods and works and services
- ✓ Allowances including travelling and accommodation expenses for local and foreign trips
- ✓ Motor vehicle running expenses-fuel
- ✓ Operations of Ward Offices
- ✓ Imprests and advances
- ✓ Cash and bank balances
- ✓ Human Resource Records
- ✓ IT Environment
- ✓ Non-current assets
- ✓ Creditors
- ✓ Annual operational/Activity Plans

Key Audit Findings

1.0 Budgetary Control and Performance

The approved budget for the County Assembly of Isiolo for the financial year 2013/2014 was Kshs. 303,442,754 comprising of recurrent expenditure only. The assembly spent Kshs. 211,988,043 or 70% of the budgeted amount during the year. The resultant under expenditure of Kshs. 91,454,711 (30%) was not explained.

2.0 Procurement of Goods and Services

The County Assembly had not established a procurement department as required by section 26(4) of the Public Procurement and Disposal Act, 2005. Further, no annual procurement plan was prepared during the year contrary to the requirements of the Public Procurement and Disposal Act, 2005 Section 26 (3) (a).

7.0 Non Establishment of Finance Department

The County Assembly did not establish a fully operational finance department as the department had only one official, the Interim Chief Finance Officer and it depended on the County Treasury in carrying out its financial operations. Consequently, there was no clear separation of financial operations between the County Executive and the County Assembly as they used the same financial records, systems and staff. No explanation was given for failure by the County Assembly to operate independently.

8.0 Non - Current Assets

The County Assembly did not maintain a fixed assets register and therefore noncurrent assets worth Kshs 13,136,814 procured during the year were not recorded. As a result, it was not possible to confirm their existence. Further, the furniture, Computers and equipment procured were not coded for identification purposes.

9.0 Domestic Loans to Individuals and Households

The County Assembly budgeted Kshs. 42,000,000 for Domestic Loans to Individuals and Households. However, the county assembly did not pass the necessary legislation to enable the County Executive Committee member for finance to establish a fund for the loans.

In the circumstances, no loans were disbursed under the budgeted item.

10.0 Creditors

During the period under review, creditor's ledgers were not maintained by the County Assembly to ascertain its level of indebtedness of the Assembly to its various suppliers. The management should maintain creditor's ledger to assure the accuracy and correctness of its payables.

11.0 Information Technology Environment

The Isiolo County Assembly had not installed Integrated Financial Management Information System (IFMIS) hence all financial transactions are processed manually. Further, no ledgers or trial balance were prepared and produced for audit review.

The County Assembly should ensure installation of the Integrated Financial Management Information System (IFMIS) for all its financial recording and production of financial reports.

12.0 Non Preparation of Annual/Activity Plans

The Assembly did not prepare annual operational/Activity plans and in their absence, it was not possible to ascertain whether the Assembly was operating within set targets and the extent to which the targets were achieved.

The County Assembly management should ensure it operated on clear set targets in the Annual Activity Plan.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

28 May 2015

DETAILED REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF ISIOLO COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

Detailed Audit Findings

1.0 Budgetary Control and Performance

The approved budget for the County Assembly of Isiolo for the financial year 2013/2014 was Kshs.303,442,754 comprising of recurrent expenditure only. The Assembly spent Kshs.211,988,043 or 70% of the budgeted amount during the year. A breakdown of recurrent expenditure revealed that the Assembly spent Kshs.74,156,038 on personnel emoluments which translate to 35 % of the total recurrent expenditure while Kshs. 137,832,055 was spent on operations and maintenance accounting for 65 % of the expenditure.

A review of the operations and maintenance expenditure for the period, disclosed that Kshs.42,062,211 or 20% was spent on domestic travels, Kshs.15,024,217.00 or 7% on foreign travel, Kshs.14,812,000 or 7% on fuel & Lubricants and Kshs.11,772,014 or 6% on Purchase of Office Furniture, 8,880,000 or 4% on Ward Offices operations and Kshs.45,441,563 spent on other categories of operations and maintenance.

No explanation was given for failure to spend the approved budget in full during the year.

Recommendation

The County Assembly needs to comply with each financial year budget as approved to ensure effective service delivery to the county residents.

2.0 Procurement of Goods and Services

It was observed that the County Assembly had not established a procurement department as required by section 26(4) of the Public Procurement and Disposal Act, 2005. Further, no annual procurement plan was prepared during the year contrary to the requirements of the Public Procurement and Disposal Act ,2005 section 26 (3) (a).

However, procurement of goods, services and works were procured as need arises through the County Executive. In the circumstances the independence of the Assembly was compromised.

Recommendations

- The assembly should establish a procurement department.
- The County Assembly should ensure a procurement plan is prepared every financial year in compliance with the Public Procurement and Disposal Act, 2005 section 26 (3) (a)

3.0 Operationalization of Ward Offices

During the year under review, the County Assembly budgeted Kshs.12, 000,000 to finance the operation of ten (10) Ward Offices within the County for elected Members of County

Assembly (MCA's). This was in pursuit of section 47 of the Isiolo County Assembly Service Board (Operationalization) Regulations, 2013. The regulations stipulated that the County Assembly will facilitate opening of ward offices for the elected MCA's and the rent paid should not exceed Kshs. 10,000 per ward. Further, it stated that personnel wages should not exceed Kshs. 50,000 per ward and operational expenses should not exceed 40,000 per ward.

Consequently, the following expenditure was incurred:-

Date	Item	Cheque	Amount (Kshs)
19/06/2014	Office Rent/ward staff and Operations	EFTs	7,200,000
11/06/2014	Office Rent/ward staff and Operations	78	1,440,000
11/06/2014	Office Rent/ward staff and Operations	042	<u>160,000</u>
Total			<u>8,000,000</u>

The amounts were paid to the MCA's as indicated below:-

S/No	Names	Amount(Kshs)
1.	Hon. Adan Ali Wako	800,000
2.	Hon. Moses Kithinji	800,000
3.	Hon. David Lemantille	800,000
4.	Hon. Salesio Kiambi	800,000
5.	Hon. Paul Mero	800,000
6.	Hon. Peter Losu	800,000
7.	Hon. Hassan Diba Kumpa	800,000
8.	Hon. Ali Galgalo Boru	800,000
9.	Hon. Abdi Sora Balla	800,000
10.	Hon Nura Diba Billa	<u>800,000</u>
	Total	<u>8,000,000</u>

However, there was no approved structure, grading or job descriptions of the recruited ward staff. Evidently, by virtue of the positions being filled by the MCAs, it was not possible to establish whether the positions were competitively sourced and the required qualifications met. Further, the County Service Board does not have the power to delegate its duty of recruiting and appointing officers and it was therefore irregular for the MCA's to recruit Ward Offices staff. In addition, there was no documentary evidence to show that the salaries of these employees were set by the Salaries and Remuneration Commission (SRC) as required by article 230(4) of the Constitution. Meanwhile, the rent payments were not supported by rental lease agreements.

In the circumstances, the expenditure of Kshs. 8,880,000 being operational expenses for ward offices may not have been used in an economical, effective and efficient way.

Recommendations

- The County Assembly should ensure that the payment of Ward Offices expenses are made directly to the landlords for the rent paid and the salaries to the employees and not the MCA's as it is the case now.

- Further, the salaries paid to the employees should be as per the approved salaries scales by the SRC.
- The unsupported rent payments should be recovered.

4.0 Unjustified Foreign Travel

The County Assembly budgeted Kshs. 15,500,000 for Foreign Travel, Subsistence and Transportation Costs. Subsequently, the County Assembly organized two foreign trips for the MCA's to Dubai in May 2014 for 7days and Japan in May 2014 for 10 days. The trip to Dubai was for an Infrastructure, Tourism and Trade conference while the trip to Japan was for the purposes of learning Environmental Management, Water Conversation, Sanitation and Waste Management and City Management and as a result, Kshs.14445,771 was incurred:

4.1 Dubai Trip	Particulars	Amount (Kshs)
	Visa Charges	345,000
	Visa Charges	<u>138,000</u>
	Subtotal	<u>483,000</u>
	Travelling Allowances	
1.	Hon Mohammed Tubi	313,699
2.	Hon Benjamin Lopetet	272,465
3.	Hon. Diba Tubi	272,465
4.	Hon. Hassan Shano	272,465
5.	Hon Dekha Bonja	272,465
6.	Hon Fatuma Said	272,465
7.	Molu Halake	313,699
8.	Abdullahi Dadacha	272,465
9.	Hon. David Lemantille	273,015
10.	Hon, Adan Ali Wako	273,015
11.	Hon. Moses Kithinji	273,015
12.	Hon. Paul Mero	273,015
13.	Hon. Hassan Kumpa	273,015
14.	Hon. Abdi Sora	273,015
15.	Hon. Nura Diba	273,015
16.	Hon. Ali Galgalo	273,015
17.	Hon. Peter Losu	273,015
18.	Hon. Salesio Kiambi	273,015
19.	Sadia Hajj Abdi	273,015
20.	Hon Hadija Mamo	273,015
21.	Hon. Elizabeth Maitima	273,015
22.	Hon. Gladys Atiku	273,015
23.	Hon. Dahabo Bonaya	273,015
	Subtotal	<u>6,357,413</u>
	Yellow Fever Vaccination	35,000
	Airtickets	1,265,000
	Tour Charges	1,076,900
	Conference Charges	<u>1,320,000</u>
	Subtotal	<u>3,696,900</u>
Grand Total for Dubai Trip		<u>10,537,313</u>

Out of the Kshs.10,537,313 spent, Kshs.3, 661,900 was spent to the tour firm in respect of air tickets, tour and conference charges. However, documents were not provided for audit to show how the firm was sourced and it was therefore not possible to ascertain whether due procurement procedures were adhered to in the procurement of the services.

4.2 Japan Trip	Particulars	Amount (Kshs)
Subsistence Allowance (Nairobi)		
1.	Hon. Mohamed Tubi	48,000
2.	Hon. Adan Ali Wako	32,000
3.	Hon. Moses Kithinji	32,000
4.	Hon. Paul Mero	32,000
5.	Hon. Hassan Diba Kumpa	32,000
6.	Mr. Molu Halake	<u>40,000</u>
	Subtotal	<u>216,000</u>
 Subsistence Allowance (Japan)		
1.	Hon. Mohamed Tubi	491,510
2.	Mr. Molu Halake	491,510
3.	Hon. Adan Ali Wako	420,394
4.	Hon. Moses Kithinji	420,394
5.	Hon. Paul Mero	420,394
6.	Hon. Hassan Diba Kumpa	<u>420,394</u>
	Subtotal	<u>2,664,596</u>
	Airtickets	<u>1,027,861</u>
	Grand Total for Japan Trip	<u>3,908,458</u>

Out of the Kshs.3, 908,458 spent on the trip, Kshs.1,027,862 was paid to tour firm for air tickets. However, documents were not provided for audit verification to show whether the entity was competitively sourced for the services.

In total, an expenditure of Kshs.14,445,771 was incurred on the trip out of the budgeted amount of Kshs.15, 500,000. However, documentary evidence was not made available for audit to confirm the trips were beneficial to the County Assembly. No report has been presented to the County Assembly as regards the trips. In the circumstances, the expenditure was not a proper charge to public funds.

Recommendation

- The expenditure of Kshs.14,445,771 should be recovered from the MCA's who undertook the trips as no evidence has been provided to show how the trips were beneficial to the County Assembly.

5.0 Cash and Bank Balances

The County Assembly operated a bank account with Equity bank, Isiolo Branch under the name of Isiolo County Assembly A/C 0410261437860. The bank balance per the bank

statement as at 30 June 2014 was Kshs.7,716,237. However, the Assembly did not balance the cash book on daily basis or prepare bank reconciliation statements monthly as required by the Government Financial Regulations and Procedures and therefore the actual cash held as at 30 June 2014 could not be ascertained.

Recommendation

- The County Assembly should ensure the cash book is balanced on daily basis and monthly bank reconciliation statements are prepared and checked by a senior officer.

6.0 Staff Establishment

The County Assembly did not prepare or approve its personnel establishment and hence managed its human resource without an approved establishment. As a result, the adequacy, appropriateness, existence and the necessity to fill vacancies or the possibility of staff progression was not ascertained.

No explanation was given for failure to have a staff establishment in place.

Recommendation

The County Assembly should prepare its approved establishment as a guide on the issues that affect the staff recruitment promotion and progression.

7.0 Non Establishment of Finance and Procurement Departments

During the period under review, the County Assembly did not establish fully operational finance and procurement department as the department had only one official, the Interim Chief Finance Officer and it depended on the County Treasury in carrying out financial operations like procurement, imprest management, payment of allowances among other financial operations in order to comply with objectives set out in section 147 (1) of the Public Finance Management Act, 2012. Consequently, there was no clear separation of financial operations between the County Executive and the County Assembly as they used the same financial records and systems.

Further, the County Assembly did not also establish an internal audit function as required by section 155. (1)(a) of the Public Finance Management Act, 2012.

No explanation was given for failure by the County Assembly to operate independently.

Recommendation

The County Assembly should establish finance, internal audit and procurement departments and ensure that they are fully operational in order to comply with the requirements of sections 147(1) and ISS(1)(a) of the Public Finance Management Act, 2012.

8.0 Non-Current Assets

The County Assembly did not maintain a fixed assets register that reflected the following information; Year of acquisition, depreciation rate, accumulated depreciation, annual contribution of renewals fund, and mode of financing. Further, it was observed that:-

- The County Assembly does not have in place policies and procedures relating to Asset Management.
- The assets are not coded.
- Non-Current assets are not physically inspected on a regular basis.
- There was sharing of assets between the County Assembly and County Executive. In the circumstances, it was not possible to distinguish which assets belonged to the County Executive and which ones belonged to the County Assembly as both the Assembly and Executive were housed at the offices of the defunct Council.

During the same period, the County Assembly purchased various fixed assets as indicated below. However, they were not entered in the fixed assets register

Items	Amount (Kshs)
Purchase of Office an General Equipment	11,772,014
Purchase of Specialized Plant, Equipment and Machinery	<u>1,364,800</u>
	<u>13,136,814</u>

It was not explained why the assets were not recorded in the fixed assets register.

Recommendations

- The County Assembly should put in place adequate systems and processes to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is updated, accurate and available in compliance with Section 149 (2) (o) of the Public Finance Management Act, 2012.
- Assets sharing should be finalised to allow effective utilization and management of the fixed assets.

9.0 Domestic Loans to Individuals and Households

The County Assembly had a budget of Kshs. 42,000,000 for Domestic Loans to Individuals and Households. However, the county assembly did not pass the necessary legislation to enable the County Executive Committee member for finance to establish a fund for the loans.

In the circumstances, no loans were disbursed under the budgeted item, this denying the local residents the desired and planned service delivery.

Recommendations

The County assembly should pass the necessary legislation that will create regulations that will guide the operations of the loans fund.

10.0 Creditors

During the period under review, creditor's ledgers were not maintained and in their absence, it was not possible to ascertain the indebtedness of the Assembly to its various suppliers.

Recommendation

- The County Assembly should maintain creditors' ledgers and registers to record creditor's transactions and carry out regular reconciliations between its records and Creditors records.

11.0 IT Environment

The Isiolo County Assembly had not installed Integrated Financial Management Information System (IFMIS) implying that all the financial transactions are processed manually. Further, no ledgers or trial balance were prepared and produced for audit review.

Recommendation

- IFMIS should be installed at the Assembly to process all the transactions and also ensure that IFMIS ledger reports are in conformity with the prescribed Financial Regulations and Procedures

12.0 Non Preparation of Annual/Activity Plans

The Assembly did not prepare annual operation / activity plans and in their absence, it was not possible to ascertain whether the Assembly was operating within set targets and the extent to which the said targets were achieved.


Recommendation

- Management should prepare annual Operational/Activity plans to steer its operations and enable performance to ensure effective service delivery.

Conclusion

The County Assembly of Isiolo had teething challenges in its first year of operation including staffing, setting up of structures and adherence to public resources management legislations regulations and procedures. However, closer attention to the constitution, the Public Finance Management Act, 2012, the Public Procurement and Disposal Act, 2005 and Regulations,

2006 (Revised 2013) and human resources management policies will ensure effective management of the public resources.



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AUDITOR-GENERAL

Nairobi

28 May 2015