



**THIRTEENTH PARLIAMENT - FOURTH SESSION**

**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE  
ON THE REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL  
STATEMENTS OF THE 47 COUNTY ASSEMBLIES**



PAPERS LAID	
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TABLED BY	Chairperson
COMMITTEE	CPISFC
CLERK AT THE TABLE	Lillian

**THE SENATE  
PARLIAMENT BUILDINGS  
NAIROBI**

**MARCH, 2025**

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## ACRONYMS/ABBREVIATIONS

BQs	- Bill of Quantities
CALC	- County Assets and Liabilities Committee
CARA	- County Allocation of Revenue Act
CPSB	- County Public Service Board
CRF	- County Revenue Fund
EACC	- Ethics and Anti-Corruption Commission
EGH	- Elder of the Order of the Golden Heart
ICT	- Information, Communication Technology
IFMIS	- Integrated Financial Management System
IGTRC	- Intergovernmental Relations Technical Committee
IPPD	- Integrated Payroll and Personnel Database
KRA	- Kenya Revenue Authority
KUSP	- Kenya Urban Support Project
LPOs	- Local Purchase Orders
LSOs	- Local Supply Orders
MCAs	- Members of County Assembly
MP	- Member of Parliament
NHIF	- National Hospital Insurance Fund
OAG	- Office of the Auditor General
PAYE	- Pay-As -You Earn
PFM	- Public Finance Management
PSASB	- Public Sector Accounting Standards Board
TNA	- Training Needs Assessment
TVET	- Technical and Vocational Education Training
UHC	- Universal Health Care

## **DEFINITION OF TERMS**

### **Disclaimer**

A disclaimer is when the auditor is unable to fully review an entity's documentation because there is a substantial amount of information that is missing. The absence of information makes it hard and difficult for the Auditor General to make an opinion. In other words, the auditor feels unable to determine whether the situation is qualified or adverse because the paperwork is not adequate. This is a serious lapse in compliance and should be of concern to oversight bodies. A disclaimer indicates that the record keeping is so bad to the extent that the auditor cannot give an opinion.

### **Adverse Opinion**

An adverse opinion is issued when the Auditor General is able to review the entity's documentation supplied for audit purposes and the final audit reveals problems that are widespread and pervasive and will require considerable changes to remedy. Oversight institutions are concerned to recommend remedies to address such anomalies and systems.

### **Qualified Opinion**

This is as a result of the Auditor General finding some problems that are not widespread or persistent with documentation and information supplied. The auditor received all the information required for the audit. However, after review the audit reveals there are some gaps in adherence and compliance to legal procedures.

### **Unqualified Opinion**

This arises when the Auditor General is satisfied with documentation presented for review. It implies that there are no major problems with documentation and information that were presented for assessment and the funds are managed properly.



## **PREFACE**

**Mr. Speaker Sir,**

Committees are a creation of the Constitution through Article 124(1) of the Constitution which empowers each House of Parliament to establish Committees and make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its Committee.

The County Public Accounts Committee is established by the Senate pursuant to Standing Order No. 193 and is mandated-

- a) Pursuant to Article 96(3) of the Constitution, to exercise oversight over national revenue allocated to the county governments;
- b) Pursuant to Article 229(7) and (8) of the Constitution, to examine the reports of the Auditor-General on the annual accounts of the county governments;
- c) To examine special reports, if any, of the Auditor-General on county government funds;
- d) To exercise oversight over county public accounts.

## **Committee Membership**

**Mr. Speaker Sir,**

The membership of the Committee comprises of the following Senators-

- |   |                           |
|---|---------------------------|
| <b>1. Sen. Moses Otieno Kajwang', CBS, MP</b> | <b>- Chairperson</b>      |
| <b>2. Sen. Johnes Mwashushe Mwaruma, MP</b>   | <b>- Vice Chairperson</b> |
| 3. Sen. Mwenda Gataya Mo Fire, CBS, MP        | - Member                  |
| 4. Sen. Fatuma Adan Dullo, CBS, MP            | - Member                  |
| 5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP       | - Member                  |
| 6. Sen. Okong'o Mogeni, CBS, SC, MP           | - Member                  |
| 7. Sen. Enoch Kiio Wambua, CBS, MP            | - Member                  |
| 8. Sen. Samson Kiprotich Cherarkey, MP        | - Member                  |
| 9. Sen. Edwin Watenya Sifuna, CBS, MP         | - Member                  |

### **Committee Secretariat**

The secretariat comprises of the following members of staff;

- |                        |   |
|------------------------|---|
| 1) Mr Njenga Njuguna   | - Director, Governance and Accountability       |
| 2) Ms. Emmy Chepkwony  | - H.O.D, Department and Other Select Committees |
| 3) Mr. George Otieno   | - Principal Clerk Assistant II                  |
| 4) Mr. David Angwenyi  | - Clerk Assistant I                             |
| 5) Mr. Crispus Tima    | - Clerk Assistant I                             |
| 6) Mr. Kevin Kibet     | - Clerk Assistant II                            |
| 7) Mr. Malcolm Ngugi   | - Legal Counsel                                 |
| 8) Mr. Hussein Salat   | - Fiscal Analyst II                             |
| 9) Ms. Keziah Muthama  | - Fiscal Analyst III                            |
| 10) Ms. Joan Njeri     | - Research Officer III                          |
| 11) Ms. Annete Khayela | - Research Officer III                          |
| 12) Mr. Osman Hire     | - Research Officer III                          |
| 13) Mr William Zenton  | - Audio Officer                                 |
| 14) Mr. John Chege     | - Serjeant-at-Arms                              |

## **INTRODUCTION**

**Mr. Speaker Sir,**

The Senate Committee on County Public Accounts is the avenue through which the Senate under the provisions of Article 96(3) of the Constitution carries out the post scrutiny of County Governments Budgets.

**Mr. Speaker Sir,**

This report contains 47 County Assemblies reports for the financial year 2023/2024 that were considered and adopted by the Committee.

**Mr. Speaker Sir,**

At its meeting held on 4<sup>th</sup> March 2025, the Committee resolved to consider the reports of the Auditor General for the 47 County Executives and 47 County Assemblies. Taking into account the constitutional timeliness provided for in Article 229(8) and owing to limited time, the Committee requested the Clerks of the 47 County Assemblies to submit written management responses within 7 days from the date of receipt of a letter from the Clerk of the Senate. The Committee resolved to adopt the Auditor General's Reports for the 45 County Assemblies as were tabled. The Committee noted that two county Assemblies; Homa bay and Migori County Assemblies had adverse opinion and as a result the Committee considered and adopted reports for the two county assemblies attached herein.

**Mr. Speaker Sir,**

The County Public Accounts Committee being a Select Committee, the Committee was constituted at the commencement of the Fourth Session in February, 2025 pursuant to Senate Standing Order 193(4) which requires Public Accounts Committee constituted immediately after a general election shall serve for a period of three sessions and that constituted thereafter shall serve for the remainder of that term of Parliament. Therefore, the committee commenced its sitting on February ,2025



**Mr. Speaker Sir,**

This report contains 47 County Assemblies reports for the Financial Year 2023/2024 which was considered and adopted by the Committee.

The Committee examined the reports of the Auditor-General on the financial statements for 47 County Assemblies for financial year 2023/2024 and identified various fiduciary risks.

During the years under review, some of the County Assemblies considered under this report had challenges with submission of documents to the auditors for verification during the audit exercise. The Committee noted that County Assemblies did not avail relevant supporting documents to the Auditor-General during the audit exercise, with only some managing to provide them at a later date. The non-provision of documents therefore, left the entities unable to support expenditures of substantial amount of funds. Further, the county assemblies had weak record management systems thus casting doubts on the suitability and qualifications of staff.

**Mr. Speaker Sir,**

The reports also revealed that County Assemblies were not able to apply proper accounting practices as stipulated by the Public Sector Accounting Standards Board. Financial statements presented for audit verification exhibited various weaknesses including failure to do regular reconciliations, variances between financial statements and IFMIS balances; payment details and trial balance among other inconsistencies. This resulted in inadequate reporting and presented an inaccurate position of the financial position of the county assemblies.

The reports further showed that a number of County Assemblies had weaknesses in executing their budgets. The County entities did not adhere to their approved budget ceilings set for programs, votes and sub-votes. Thus, there was over-utilization or under-utilization of appropriated funds. The Committee noted that the main cause for under-utilization of budgets was delay in exchequer releases from the National Treasury thereby hampering program implementation and budget execution.

The reports also revealed that some County Assemblies abused the imprest process, from the request, approval, surrender and recovery. Imprests remained outstanding after their due dates of surrender, contrary to the provisions of Regulation 93 (5) of the Public Finance Management (County Governments) Regulation, 2015 which requires temporary imprest holders to account for or surrender imprests within seven days upon returning to their duty stations. Further, Management breached Regulations 93(6) by failing to recover the outstanding imprests from the salaries of the defaulters.

**Mr. Speaker Sir,**

During the years under review, the Committee noted that majority of the County Assemblies interrogated had not properly updated their assets registers despite the Inter-Governmental Technical Relations Committee (IGTRC) having handed over their report, hence exposing county assets to risk of loss, waste and misuse.

Regarding human resource issues, the Audit reports revealed the following:

- i. that some County staff were earning less than a third of their basic pay;
- ii. Some County Assemblies were still processing salaries and other benefits outside the Integrated Payroll and Personnel Database (IPPD); and
- iii. A number of County Assemblies did not meet the threshold on ethnic inclusivity stipulated under Section 7(2) of the National Cohesion and Integration Act, 2008.

The Committee further observed that County Assemblies did not take action on the issues raised in the report of the Auditor General for previous financial years. This therefore implied that a number of recommendations proposed by the OAG were not implemented thus some audit queries had recurred for several financial years.

**Mr. Speaker Sir,**

On internal controls, risk management and governance, the Committee noted that a number of county entities had not established Audit Committees contrary to Paragraph 167 of the PFM (County Government) Regulations, 2015. Further, the entities did not have Risk Management policies, Disaster Recovery Plan, ICT Policy and Business Continuity Plan to help prevent and mitigate against risks. This is contrary to Section 158(1) of the Public Finance Management (County Government) Regulation 2015 which requires the County Government entities to develop risk management strategies which include fraud prevention mechanisms and a system of risk management and internal control that builds robust business operations.

In addition to the general observations and recommendations on cross cutting issues across the County Assemblies interrogated and captured in the report, this report details further observations and recommendations for specific audit queries for the respective County Assemblies.



## **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

The Committee observed that the reports of the Auditor General considered had recurring audit issues across a number of County Assemblies. Consequently, the Committee identified the following general observations and recommendations –

### ***1. Lack of an updated fixed assets register***

#### **Committee Observation**

The Committee observed that a number of the County Assemblies:-

- a) had not updated their Fixed Assets Register;
- b) had not adopted the report of the Inter-Governmental Relations Technical Committee on assets and liabilities inherited from the defunct local authorities. This has affected the correct statement of the assets and liabilities of the entities.

#### **Committee Recommendations**

The Committee therefore recommends that:

1. County entities should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;
2. County entities should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status update to the Office of the Auditor General within 90 days of adoption of this Report; and
3. Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.

### ***2. Payment to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum(CAF)***

#### **Committee Observation**

The Committee noted that county assemblies made payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) were irregular and unlawful.

#### **Committee Recommendation**

The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.

### ***3. Delay in submission of documents***

#### **Committee Observation**



The Committee noted that the County assemblies did not submit relevant documents to the Auditor General during the audit exercise contrary to the Section 62 of the Public Audit Act, 2015.

#### **Committee Recommendation**

The Committee recommends that the Clerk of the County Assembly undertakes administrative action(s) against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report. Where such failure has led to a Adverse or Disclaimer opinion, the Committee recommends the sanctions outlined in Section 62(2) of the Public Audit Act, 2015.

#### **4. Pending bills**

##### **Committee Observations**

1. the accumulated pending bills in Counties have significantly affected service providers in the counties leading to closure of businesses, stalling of county projects, adversely affecting economic growth in counties, service delivery and ultimately slowing down the country's economic growth;
2. that most of the service providers in the counties are battling court cases lodged against them by their financiers and suppliers while others are languishing in poverty exacerbated by the increased cost of living, with increased mental health disease incidences and others dying as a result of the effects of colossal amounts of debt owed to them by county governments;

##### **Committee Recommendations**

The Committee therefore recommends that:

1. that all County Governments pay verified pending bills amounting to less than Ksh. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2024/2025; and
2. Resolves that-
  - i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;
  - ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;
  - iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;

- iv. Supplementary budgets for county governments are prepared in the 3rd Quarter to curb instances of arbitrary re-allocations out of the approved budget estimates;
- v. County governments, in consultation with the Controller of Budget, to provide a budget for completion of all existing projects and that initiation of new projects to cease until completion of the existing projects; and
- vi. County governments shall conduct public participation while formulating supplementary budgets, failure to which the Controller of Budget (CoB) shall not approve the supplementary budgets.

## ***5. Budget Control and performance***

### **Committee Observation**

The Committee observed that the county assemblies did not receive exchequer releases from the National Treasury on time. These challenges hampered budget implementation in the affected county entities.

### **Committee Recommendation**

The Committee recommends that The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.

## ***6. Outstanding imprests***

### **Committee Observations**

The Committee noted that the County entities had substantial amounts of outstanding imprest by the close of financial year contrary to Regulations 93(5) of the Public Finance Management (County Government) Regulations, 2015 which requires a holder of a temporary imprest to account for the imprest within seven days after returning to duty station.

### **Committee Recommendation**

The Committee recommends that the Accounting Officer(s) recover the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015.

The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.

## ***7. Lack of ethnic diversity in staff establishment***

### **Committee Observations**

The Committee observed that -



- a) There was no ethnic diversity among employees of county assemblies as employees were mainly drawn from the dominant community in the county; and
- b) Due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that *no public establishment shall have more than one third of the staff from the same ethnic community.*

#### **Committee Recommendations**

The Committee therefore recommends that:

1. The County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1) (e) of County Government Act on ethnic inclusivity; and
2. The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.

#### **8. *Non-compliance with the One Third Basic Salary Rule***

##### **Committee Observation**

The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.

##### **Committee Recommendations**

The Committee therefore recommends that -

1. The county entities should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and
2. The Auditor General should continue monitoring the issue in subsequent audit cycles.

#### **9. *Prior Year Issues***

##### **Committee Observation**

The Committee observed that County entities did not take action on issues raised in the Report of the Auditor General for previous financial years even where the reports has been considered by the Committee and a report tabled and adopted by the Senate.

##### **Committee Recommendation**

The Committee recommends that the County entities should strictly comply with Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General.

#### **10. *Failure to establish an Audit Committee***

**Committee Observations**

The Committee observed that in a number of the entities considered, management had not established audit committees to provide oversight on the financial and other operations of their financial affairs as required under Section 167(1) of Public Finance Management (County Governments) Regulation, 2015. In the circumstances, Management is in breach of the law.

**Committee Recommendation**

The Committee recommends that the county entities should expedite establishment of audit committees to enhance oversight over public resources and provide a status report to the Auditor General within sixty (60) days from the adoption of this report.

***11. Lack of a Risk Management Policy*****Committee Observations**

The committee noted that a number of county entities did not have a risk policies framework in place. The committee further observed that lack of risk prevention mechanism may expose the entities to various form of risks.

**Committee Recommendation**

The Committee recommends that the Accounting Officer for all county entities should put in place a risk management policy and disaster recovery plan within sixty (60) days from the adoption of this report and submit the same to the Auditor General.

The committee further recommends that the Auditor General to closely monitor the development, documentation and communication of these policies within the county entities in the subsequent audit cycles.

**Follow Up for Each County Assembly**

Most of the issues raised by the Auditor-General in her report were not adequately addressed. The Senate therefore needs to ensure that the issues are addressed to ensure that public funds entrusted to the County Executives and the County Assemblies are sufficiently accounted for and that there is no loss due to impropriety.

The Senate also needs to ensure that the law is adhered to in the planning and expenditure of public funds and hold those who breach the law accountable for their unlawful actions.

Therefore, the Committee recommends follow up on the recommendations made in this report to ensure that all issues raised by the Auditor-General in her report are adequately addressed.



Therefore, the Committee recommends to the Senate to resolve that the Committee;

- i. undertakes an inquiry into the issues raised by the Auditor-General to ensure that all the issues raised are adequately addressed;
- ii. conducts visits and inspect all projects highlighted by the Auditor-General in her report to confirm the status and verify any information that may ensue to address the issues raised in the report; and
- iii. follows up on the issues raised by the Auditor-General to ensure that all officers who may have taken part in the misappropriation of funds or any other breach of law are properly investigated and, where found culpable, prosecuted in a court of law.

The Committee further recommends that the relevant accounting officers shall within three months after Parliament has considered and made recommendations on the audit report take the relevant steps to implement the recommendations of parliament on the report of the Auditor-General and give explanations in writing to the Parliament on why the report has not been acted upon.

## **ACKNOWLEDGEMENTS**

The Committee appreciates the Office of the Auditor General, The National Treasury, the Controller of Budget and the Ethics and Anti-Corruption Commission for the support they offered to the Committee especially in providing references on various issues under consideration.

The Committee wishes to acknowledge the support it received from the Office of the Speaker and the Clerk of the Senate during the consideration of the Auditor-General's Reports for county governments. The Committee further appreciates the cooperation it received from the Governors who appeared before the Committee.

Final appreciation goes to the distinguished and dedicated members of the Committee and the Secretariat who actively participated and facilitated the proceedings of the Committee meetings.

**Mr. Speaker Sir,**

I wish to confirm that the resolutions of the Committee in this report were unanimous.

**Mr. Speaker Sir,**

It is therefore my pleasant duty and privilege, on behalf of the County Public Accounts Committee to table this report and commend it to the House for debate and adoption pursuant to the provisions of the Senate Standing Order 223(6).

**SIGNED:**  .....

**DATE:** 26 March 2025 .....

**SEN. MOSES OTIENO KAJWANG', CBS, MP**

**CHAIRPERSON**



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

**Basis for Adverse Opinion**

SUMMARY OF UNRESOLVED ISSUES					
No	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations
Report on Financial Statements					
1.	<b>Variances Between the Financial Statements and the IFMIS</b>	<p>Financial Statements at variance with underlying records in the IFMIS as detailed below have not been explained or reconciled;</p> <ul style="list-style-type: none"> <li>i. Hospitality Supplies &amp; Services-Kshs. (564,7730</li> <li>ii. Routine Maintenance-Vehicles &amp; Other Transport Equipment-Kshs. (254,290).</li> <li>iii. Office &amp; General Supplies &amp;</li> </ul>	<ul style="list-style-type: none"> <li>• Payments for Hospitality Supplies and Services, Routine Maintenance of Vehicles and Other Transport Equipment, and Legal Fees were processed through IFMIS but due to a delay in disbursements of funds from the County Treasury, they were not paid and only the actual payments were reported in the financial statement. This variance has since been reconciled as per attached GoK IFMIS Notes to Financial Statements (<b>Annexure 1(b)</b>)</li> <li>• The variances in Office and General Supplies and Services, Training, and Travel Expenses arose due to unreconciled</li> </ul>	<p>The Committee observed that;</p> <ul style="list-style-type: none"> <li>a) there was a discrepancies variance between the balances in the financial statements and ledger balances.</li> <li>b) there was negligence in preparation of the financial</li> </ul>	<p>The Committee recommends that;</p> <ul style="list-style-type: none"> <li>1) The Accounting Officer undertakes administrative action against the responsible officer(s) for failure to undertake reconciliation of financial statements within the stipulated timelines and submit a report to the Committee within 60 days of</li> </ul>

		<p>Services- Kshs.4,746,688.</p> <p>iv. Legal Fees &amp; Dues- Kshs.(3,046,892)</p> <p>v. Training &amp; Travel Expenses- Kshs.1,450,000.</p> <p>vi. Transfer to County Government Entity (CRF)- Kshs.2,698,770</p> <p>vii. Imprests &amp; Advances-Govt Imprests- Kshs.3,307,495.</p> <p>viii. Pending Accounts Payable- additions for the year- Kshs.69,361,283.</p> <p>ix. Pending Accounts Payable- Kshs.17,274,694</p>	<p>ledgers which have since been done by assistance from both the IFMIS technical team and a team from the Directorate of County Reporting Unit as shown in <b>annexure 1(b)</b></p> <ul style="list-style-type: none"> <li>• The transfer of Kshs. 2,698,770 to the County Revenue Fund relates to unspent balances at the bank at the end of the financial year as per excerpts of bank statements attached as <b>annexure 1(d(i-i</b></li> <li>• The amount of Kshs. 3,307,495 under Imprests and Advances relates to ward operation imprests which was processed through IFMIS but remained un-surrendered at the end of the financial period as shown in <b>annexure 1(e)</b></li> <li>• The Pending Accounts Payables amount Kshs. 69,361,283 represent outstanding bills disclosed in our annual report and financial statement on page 26 under other disclosures (Pending Accounts Payable).</li> <li>• The total Pending Accounts Payables settled during the</li> </ul>	<p>statements by the county treasury</p> <p>c) the county was experiencing capacity issues in use of IFMIS.</p>	<p>adoption of this report;</p> <p>2) Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531.</p> <p>3) The Accounting Officer to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within 60 days of the adoption of this report.</p>
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			financial year amounted to Kshs. 17,274,694, relates to pending bills from previous periods paid in the financial year under review and allocated to the respective vote heads as disclosed in our annual report and financial statement on page 26 under other disclosures (Pending Accounts Payable) as shown in <b>annexure 1(c).</b>		
2	<b>Misclassified Expenditure Accounts</b>	Payments totaling Kshs.991,170,024 includes Kshs.332,639,613 which did not relate to the respective sub-components to which they were charged contrary to Regulation 40(1) of the PFM (County Govts) Regulations,2015, which requires budget estimates to be prepared, accounted for and reported in accordance with the GOK budget classification and standards chart of	The management, with the support of the National Treasury, has undertaken a comprehensive reconciliation process to correct these transactions. This includes verifying the affected entries, ensuring accurate reclassification, and aligning the financial records.	The Committee observed that payments totaling Kshs. 991,170,024 included Kshs. 332,639,613 charged to incorrect sub-components, violating Regulation 40(1) of the PFM (County Governments) Regulations, 2015, which requires budget estimates to align with the GOK budget classification	The Committee recommends that the Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.

		accounts issued by the National Treasury.		and standards chart of accounts.	
3	<b>Non-Disclosure of Retention Monies</b>	Contractor's retention money amounting to Kshs.2,636,694 outstanding as at 30 June,2024 was not disclosed in the financial statements contrary to the requirements of the reporting templates that retention money be disclosed in the financial statements.	The Assembly did not maintain a separate retention bank account. The retention funds were maintained together with the assembly funds in the Central Bank of Kenya Development Account. Further, the management wishes to clarify that an amount of Kshs. 3,307,495 relates to un-surrendered imprests issued for Ward Operations expenses as shown in <b>annexure 1(e)</b> . Efforts have been made to ensure that these imprests are properly accounted for.	The Committee observed that the contractor's retention money amounting to Kshs. 2,636,694 remained outstanding as of 30 June 2024 but was not disclosed in the financial statements. This violates Regulation 152(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires accurate reporting of liabilities, including retention money, in financial statements as per prescribed reporting templates.	The Committee recommends that the management should comply with Regulation 152(1) of the Public Finance Management (County Governments) Regulations, 2015, by ensuring all outstanding contractor retention money is accurately disclosed in the financial statements. Proper reporting will enhance transparency and ensure compliance with financial reporting standards.



4	<b>Compensation of Employees</b>	<ul style="list-style-type: none"> <li>Supporting documents for seven hundred and seventy-seven (777) payment transactions amounting to Kshs.38,879,291 invalidated in IFMIS not provided for verification.</li> <li>Voided payments not disclosed as pending accounts payable.</li> <li>Utilization of funds meant for the voided transactions not confirmed.</li> <li>No confirmation of whether there were unauthorized payments made in place of those that were invalidate.</li> </ul>	<ul style="list-style-type: none"> <li>The management has since provided supporting documents for compensation of employees for Kshs.10,426,800 relates to the components of payroll as per attached Annexure 2(a)</li> <li>Kshs.88,508,683 relates to the Members Sitting Allowances, Car Maintenance Allowance, Mileage Allowance, Special Duty Allowance and Airtime Allowances as shown in <b>Annexure 2(b) and (c)</b>. In the year under review, the assembly spent Kshs.32,081,400 on Committee sitting allowances</li> </ul>	<p>The Committee observed that Supporting documents for 777 invalidated payment transactions totaling Kshs. 38,879,291 were not provided for verification. The voided payments were not disclosed as pending accounts payable, and there was no confirmation of fund utilization or possible unauthorized payments.</p>	<p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report;</li> <li>2. Within six months of adoption of this report the CS National Treasury to ensure IFMIS</li> </ol>
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					<p>reconfiguration with CBK system to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved; and</p> <p>3. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.</p>
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					measures put in place to contain the high wage bill within sixty (60) days of the adoption of this report.
5	<b>Voided Transactions in IFMIS</b>	<ul style="list-style-type: none"> <li>Supporting documents for seven hundred and seventy-seven (777) payment transactions amounting to Kshs.38,879,291 invalidated in IFMIS not provided for verification.</li> <li>Voided payments not disclosed as pending accounts payable.</li> <li>Utilization of funds meant for the voided transactions not confirmed.</li> <li>No confirmation of whether there were unauthorized payments made in</li> </ul>	<p>The voiding of transactions was primarily necessitated by:</p> <ol style="list-style-type: none"> <li>1. Non-Compliance of Supplier(s) on iTax. An invoice(supply) cannot be exported to IB if one does not fulfil the requisite tax obligations required by the law.</li> <li>2. Double entries of invoices</li> <li>3. A charge on wrong vote heads</li> <li>4. Changes to supplementary budgets due to delayed in funding from the exchequer due to unforeseen circumstances</li> </ol> <ul style="list-style-type: none"> <li>The voided batch of invoices were done at IFMIS level, hence they were not exported to Internet Banking (IB) for payment nor did they get</li> </ul>	<p>The Committee observed that Invoices totaling Kshs. 38,879,291 were voided in IFMIS due to supplier non-compliance with iTax, duplicate entries, incorrect vote charges, and supplementary budget changes. However, the voided payments were not disclosed as pending accounts payable, contrary to Regulation 86(2)(c) of the Public Finance Management (County</p>	<p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process and provide a status update to the Senate within 60 days of adoption of this report;</li> <li>2. Within six months of adoption of this report the CS National Treasury to ensure IFMIS reconfiguration with CBK system</li> </ol>

					<p>to avoid cases of IFMIS approvers voiding and diverting funds to other activities not initially approved; and</p> <p>3. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.</p>
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		place of those that were invalidate.	approvals from the controller of Budget. Approvals from (Controller of Budget) CoB only happens when invoices have been exported from IFMIS level to Internet banking/IB. In that instance, the management could not disclose the said unprocessed payments as pending accounts payable. Further, the management is not in any position to make any unauthorized payments in place of the voided payments. Attached are the invalidated/voided transactions and Request for Authority to Void transactions	Governments) Regulations, 2015, which requires accurate reporting of financial obligations.	
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6	<b>Unsupported Cash Transfers</b>	<ul style="list-style-type: none"> <li>Transfers of funds totaling Kshs.19,334,774 as payments for Ward operations includes Kshs.13,108,320 to 40 Ward accounts and Kshs.6,226,452 to 19 accounts owned and</li> </ul>	<ul style="list-style-type: none"> <li>Management wishes to clarify that the ward operations expenditure is guided by the principles related to the Migori County Ward Development fund.</li> <li>The establishment and operation of the Ward Fund are guided by the Migori County Wards Development Fund Act,</li> </ul>	The Committee observed that the management did not support the cash transfers.	The Committee recommends that the Accounting officer undertakes administrative action against officers who failed to provide the documents to the auditors at the time of
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		<p>operated by nominated MCAs.</p> <ul style="list-style-type: none"> <li>• Details of bank accounts, bank balances, etc as required by Regulation 87(3) &amp; (4) of the PFM (County Govts) Regulations, 2015 not provided for verification.</li> <li>• Register of bank accounts and reasons for operation not provided.</li> <li>• Authority supporting transfer of the amounts to personal bank accounts of nominated MCAs and how funds were accounted for not provided.</li> </ul>	<p>2014. Specifically, Paragraph 16 (1) to (3) of the Act outlines the functionality and purpose of ward bank accounts, including the designated signatories and the approvals required to open and operate these accounts.</p> <ul style="list-style-type: none"> <li>• Additionally, the Commission on Revenue Allocation (CRA) Circular No: CRA/CSO/CMG/9/VOL.V(43), dated 3rd August 2020, provides an advisory on the operation costs for ward offices, further reinforcing the legal and procedural framework governing these funds.</li> <li>• Each of the 40 ward managers is responsible for managing the imprests related to their respective wards and is required to surrender expenditure records at the end of every month. This ensures proper accountability and adherence to financial regulations</li> <li>• Regarding the Nominated Members of the County Assembly (MCAs), the management wishes to clarify that unlike their elected</li> </ul>		<p>audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Committee within sixty (60) days from the adoption of this report.</p>
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			<p>counterparts, they do not have designated wards or ward offices attached to them. Consequently, operational funds allocated to them are transferred directly to their personal accounts, as there are no designated ward accounts for them. However, strict accountability measures are in place, requiring them to submit monthly surrenders for these funds. Failure to comply with this requirement results in surcharges or other corrective financial measures.</p>		
7	<b>Budgetary control and performance</b>	Under funding amounting to Kshs.109,031,190 or 10 % of the budget	<p>Management concurs with the auditor's observation has this highly affected the planned activities and the various engagements for the financial year under review.</p>	<p>The Committee observed that there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by the National Treasury</p>	<p>The Committee therefore recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the</p>



					Public Finance Management Act, 2012.
8	<b>Unresolved prior year matters</b>	Management has not resolved the issues under report on financial statements, report on lawfulness and effectiveness in use of public funds and report on effectiveness of internal controls, risk management and governance.	Management wishes to clarify that prior-year audit matters are being addressed progressively in collaboration with the Office of the Auditor-General, the County Assembly CPIAC, and the Senate CPIAC.	The management is in the process of responding and complying to these matters.	The Committee recommends that the County Assembly takes action on the issues raised by the Auditor General and submit a status report to the Auditor General sixty (60) days after the adoption of this report.
9	<b>Unremitted Housing Levy Payroll deductions</b>	<ul style="list-style-type: none"> <li>• Deductions of Kshs.7,913,784 not remitted to KRA on due date.</li> <li>• Amount not disclosed as pending bills under accounts payable.</li> </ul>	The management wishes to state that Assembly has remitted Housing Levy has shown in the table below. Further, we are in the process of reconciling our records with KRA.	The Committee observe that deductions of Kshs. 7,913,784 were not remitted to KRA on the due date and were not disclosed as pending bills under accounts payable. This violates the Tax Procedures Act, 2015, which	<p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance</li> </ol>

					<p>Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. The County Assembly should immediately remit the outstanding housing levy deductions of Kshs. 7,913,784 to the Kenya Revenue Authority (KRA) without further delay to avoid accruing penalties and interest and ensure that all future deductions must be remitted promptly on the due dates to ensure compliance with statutory obligations.</p>
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				requires timely remittance and accurate financial reporting of tax obligations.	
10	<b>Staff Establishment and Payroll Records</b>	Over establishment of one hundred and ten (110) employees between the approved establishment and payroll records (IPPD & Manual payroll)	<p>Management wishes to clarify that the County Assembly Payroll comprises the following categories of personnel:</p> <p>1. Members of the County Assembly (MCAs) and Assembly Leadership:</p> <p>Elected and Nominated MCAs – 59 members</p> <p>Speaker of the Assembly – 1 member</p> <p>County Assembly Service Board (CASB) Appointees – 2 members (appointed from outside the Assembly)</p> <p>2. Partisan Ward Staff: The Assembly has 177 partisan ward staff, as guided by the Commission on Revenue Allocation (CRA) Circular No: CRA/CSO/CMG/9/VOL.V(43),</p>	The Committee observed that there was over establishment of staff.	<p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>1. The County Assembly should update its official staff establishment documentation to explicitly include all categories of personnel, ensuring full transparency and compliance with the County Assembly Service Act and CRA guidelines;</li> <li>2. The County Assembly should provide a detailed staff needs assessment and budgetary justification to support the current workforce structure and conduct reconciliations between IPPD data and approved establishments to</li> </ol>



					<p>maintain accuracy and provide a status update to the Office of the Auditor General within 60 days of adoption of this report.</p>
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			<p>dated 3rd August 2020. These staff members provide support services to MCAs at the ward level.</p> <p>3. Regular Staff (Established by the CASB): The County Assembly Service Board (CASB), in accordance with the County Assembly Service Act, has approved a staffing establishment of 112 regular employees.</p> <ul style="list-style-type: none"> <li>• Further, management wishes to clarify to the committee that all payroll expenditures are processed in accordance with the law, and each category of employees is accounted for within the financial statements. The Assembly remains committed to adhering to statutory payroll regulations, ensuring prudent financial management, and maintaining compliance with all applicable guidelines.</li> </ul>		
11	<b>Non-compliance with Provisions on</b>	<ul style="list-style-type: none"> <li>• 222 employees in the payroll are from 8 ethnic communities.</li> </ul>	<ul style="list-style-type: none"> <li>• The management has been advertising for various vacant positions but most of the applicants come from Migori County which is predominantly</li> </ul>	The Committee observed that - i) there was no ethnic	The Committee recommends that- i) The County Assembly

	<b>Ethnicity Diversity, Affirmative Action on Gender and Persons Living with Disabilities</b>	<ul style="list-style-type: none"> <li>• 3 or 1.4% are people living with disabilities</li> <li>• One ethnic community represented 77% of employees of the Assembly whereas 23% represented other communities</li> <li>• Mainstreaming persons living with disabilities target of 5% not achieved.</li> <li>• Management violated the provisions of Section 7(1) and 92) of the National Cohesion and Integration Act, 2008 and Section 13 of Persons with Disabilities Act, 2003.</li> </ul>	<p>Luos, Kurians and Suba people, hence difficulty in termination of the process. Management also acknowledges the concern regarding regional balance in employment and remains committed to ensuring equitable representation in line with constitutional and statutory provisions. The Assembly will progressively address this issue in its subsequent recruitment processes, ensuring that future appointments reflect diversity, inclusivity, and fairness in compliance with the National Cohesion and Integration Act, 2008 and Section 13 of Persons with Disabilities Act, 2003.</p>	<p>diversity among the County Assembly employees.</p> <p>ii) due to the homogeneous ethnographic population in most counties, it may not be feasible for them to attain the threshold provided under Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than</p>	<p>should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of the County Government Act on ethnic inclusivity.</p> <p>ii) The County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance is achieved within sixty (60) days of the adoption of this report.</p>
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				one-third of the staff from the same ethnic community.	
12	<b>Non-Adherence to One Third of Basic salary Rule</b>	28 employees net salary below a third of their respective basic salaries contrary to Section 19(3) of the Employment Act,2007.	Upon review, management has established that this situation arose primarily due to statutory deductions, loan repayments, and other commitments affecting the employees' net pay. While some deductions were made in accordance with employees' prior commitments and agreements, management recognizes the need for strict compliance with the law to prevent future occurrences of excessive deductions.	The Committee observed that some of the county staff were earning less than a third of their basic pay contrary to Section 19 (3) of the Employment Act 2007.	The Committee therefore recommends that: <ul style="list-style-type: none"> <li>1) The county assembly should configure their IPPD system such that it is able to lock out commitments beyond the accepted thresholds; and</li> <li>2) The Auditor General should continue monitoring the issue in subsequent audit cycles.</li> </ul>
13	<b>Payment of Salaries</b>	Kshs.47,325,407 paid outside IPPD to 10	Management acknowledges the auditor's observations and	The Committee noted that manual	The Committee recommends that; -

	<b>Outside the IPPD System</b>	MCAs,6 County Assembly Service Board (CASB) members,18 permanent staff,11 contracted staff,6 casuals and 7 interns.	<p>reiterates its commitment to ensuring that all staff, including casual employees, are paid exclusively through the Integrated Personnel and Payroll Database (IPPD) system.</p> <p>During the year under review, challenges were encountered in fully implementing this directive due to the following factors:</p> <p>1. Delays in Obtaining Personnel Numbers: Some staff members lacked personnel numbers, affecting their onboarding into the IPPD system.</p> <p>2. Reactivation and Transfer Delays: Payroll numbers that had been deleted required reactivation and transfer from relevant government departments and agencies, leading to processing delays.</p> <p>3. Pending Re-designation of Positions: The County Assembly Service Board (CASB) had not completed the re-designation of certain positions that were not</p>	payment vouchers were used to pay the wages instead of paying through the Integrated Payroll and Personal Data (IPPD) System.	<p>1. The County Assembly should ensure that casual workers are engaged in line with the relevant laws and the approved staff establishment and provide a status update to the Auditor General within 60 days of adoption of this report;</p> <p>2. Pursuant to Article 235 of the Constitution of Kenya, the Committee directs that</p>
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			<p>predefined in the IPPD system, causing further delays.</p> <p>4. Reinstatement of Officers: Some employees had been reinstated into the payroll, necessitating the reactivation of their payroll numbers before integration into the IPPD system.</p> <p>Management has since fully complied with the directive and now processes all salaries exclusively through the IPPD system.</p>		<p>the Cabinet Secretary (CS), Ministry of Public Service, Youth and Gender Affairs to develop regulations to provide guidance and clarity to county governments on engagement of casual employees, contracted workers, acting positions and a platform for management of county</p>
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					<p>human resources; and</p> <p>3. the Auditor General to monitor the matter in the subsequent audit cycle.</p>
14	<b>Irregular Payment of Allowances to Employees on Acting Capacity</b>	<p>Payment of acting allowances to 3 officers for more than 6 months contrary to Section C.14(1) of Public Commission Human Resource policies and Procedures Manual for Public Service, 2016.</p>	<ul style="list-style-type: none"> <li>• Senior Administration Officer: The current Senior Administration Officer was re-designated to perform the duties of Administration and Human Resources on 1st July 2022. He was subsequently confirmed to the position on 30th August 2023, and as a result, he no longer receives an acting allowance.</li> <li>• Acting Procurement Officer: The acting Procurement Officer was assigned to perform the duties of Procurement Officer I on 25th January 2021, following the interdiction of Steve Omondi, the substantive office holder. Since the matter remains unresolved, Hesbon Oluoch</li> </ul>	<p>The Committee observed that there was irregular payment of allowances.</p>	<p>1. The Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60)</p>

			<p>continues to receive an acting allowance in accordance with public service regulations.</p> <ul style="list-style-type: none"> <li>County Assembly Clerk: Contrary to the auditor's observation, the Second Clerk of the County Assembly was never appointed in an acting capacity. He served as the substantive Clerk until his interdiction and subsequent dismissal. However, following his dismissal, he filed a court case, leading to an injunction that halted the recruitment of a substantive Clerk.</li> </ul>		<p>days from the adoption of this report;</p> <ol style="list-style-type: none"> <li>The Institute of Certified Public Accountants of Kenya (ICPAK) takes action(s) against the responsible officer(s) for gross negligence in the conduct of professional duties which constitutes a professional misconduct pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531; and</li> <li>That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the</li> </ol>
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					offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B.
15	<b>Non-Compliance with Fiscal Responsibility Principal on Compensation of Employees Expenditure</b>	<ul style="list-style-type: none"> <li>Total approved expenditure of the Assembly amounting to Kshs.1,003,508,709 was more than twice the personnel emoluments of Kshs.378,680,438 contrary to Regulation 25(1)(f) of the PFM (County Govt) Regulations .2015 which states that approved expenditures of a County Assembly shall not exceed seven percent of the total revenues of the county government or twice the personnel emoluments of that</li> </ul>	<ul style="list-style-type: none"> <li>Management wishes to clarify that budget allocations for the county governments and assembly budgetary ceilings are set by the Commission on Revenue Allocation (CRA). County assembly always comply with the ceilings in its budget making process.</li> </ul>	The committee noted that the management is struggling to meet the 35 % salary threshold, currently standing at 48%. However, the management it committed to compliance with the law, by providing a roadmap for implementation to achieve the threshold.	The Committee recommends that the County Assembly takes steps to ensure that they adhere to the provision of paragraph 25(1)(b) of the PFM Act (county government) regulations, 2015 which stipulate that the county wage bill should not exceed 35 percent of the county total revenue.



		county assembly, whichever is lower.			
16	<b>Non-compliance with the Law on Framework Contract Agreement</b>	Evidence of Kshs.10,131,987 in respect to legal fees and dues included in the use of goods and services whose services the management has explained that was procured through a framework agreement in compliance with the provisions of Section 114(6) of the Public Procurement and Asset Disposal Act,2015 not provided for verification.	<ul style="list-style-type: none"> <li>A sample of detailed analysis of quarterly reports on framework contract agreements are hereby provided for.</li> </ul>	The Committee observed that the County Assembly failed to provide documents to the Auditor at the time of audit.	The Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and The County Assembly should comply with Section 114(6) of the Public Procurement and Asset Disposal Act, 2015 by preparing and submitting detailed quarterly reports on all framework contract agreements, including a thorough analysis of procurement patterns, cost comparisons with

					market rates, and actionable recommendations and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.
17	<b>Avoidable Legal Fees</b>	<ul style="list-style-type: none"> <li>A petitioner being the Speaker of the County Assembly impeached on 24 April, 2024 moved to court for breach of fundamental rights and was awarded general damages of Kshs.10,000,000.</li> </ul>	<ul style="list-style-type: none"> <li>Management has taken note of the auditor's observation. However, the governing principles and dictums of the law separate the political and the administration of the county assembly. The plenary is sacred only meant for the members of the County Assembly and the business that they transact</li> </ul>	The Committee observed that the management incurred avoidable legal costs of Kshs. 594,436 due to court cases filed by a former Speaker and contractors, with an additional Kshs.	<p>The Committee recommends that;</p> <ol style="list-style-type: none"> <li>The County Assembly makes a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015;</li> <li>the Assembly should conduct regular training for MCAs</li> </ol>

					<p>and staff on legal and procurement compliance to minimize litigation risks and the Finance and Legal Departments must work closely to ensure prompt settlement of verified bills to avoid penalties.</p>
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		<ul style="list-style-type: none"> <li>• A Company that rendered construction services for Komosoko Nyamonsese Ward moved to court and the Assembly incurred legal fees of Kshs.244,842 which could have been avoided.</li> <li>• Contractor rendering services for East Ntimaru Ward moved to court and the Assembly incurred legal fees of Kshs.349,594 which would have been avoided.</li> </ul>	<p>within the same room is beyond the control of the administration.</p> <p>Without prejudice of the above, we take note of the sentiments and more and proper training shall be organized for the members of the county assembly to understand the processes, the good values of respecting the law and consequences of disobeying it.</p> <ul style="list-style-type: none"> <li>• The institution is already engaging the parties in an alternative dispute resolution and so far, it is fruitful.</li> </ul>	<p>10,000,000 awarded as general damages. This contravenes Section 159(1)(b) of the Public Finance Management Act, 2012, which requires public funds to be used lawfully and in a manner that avoids waste and inefficiency.</p>	
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18	<b>Unexplained Changes in Payroll</b>	<ul style="list-style-type: none"> <li>Staff increased from 145 in the month of July, 2023 to 228 in the month of June, 2024 was not supported by management.</li> <li>Records reviewed showed recruitment of 3 new employees.</li> </ul>	<p>Management wishes to state as follows:</p> <p>i. Thirteen (13) Casuals confirmed as Permanent and Pensionable integrated on IPPD</p> <p>ii. Sixty-seven (67) Ward Staff were integrated on IPPD</p>	<p>The Committee observed that the increase in staff from 145 in July 2023 to 228 in June 2024 was not supported by management, while records only confirmed the recruitment of three employees. This violates Section 68(1)(a) of the Public Finance Management Act, 2012, which requires proper accountability and documentation of public resource utilization, including staff recruitment.</p>	<p>The Committee recommends that the management should comply with Section 68(1)(a) of the Public Finance Management Act, 2012, by maintaining proper records and providing justification for all staff changes. Recruitment processes should be transparent, documented, and aligned with approved staffing plans to ensure accountability in public resource utilization.</p>
19	<b>Lack of Audit Committee and Unestablished</b>	<ul style="list-style-type: none"> <li>Assembly has no audit committee</li> <li>ICT Policy, Human Resource Manuals 2023 and Risk</li> </ul>	<p><i>Management is committed to strengthening internal controls and will consider adopting these manuals in their subsequent sittings. The audit committee is</i></p>	<p>The Committee observed that the County Assembly does not have an</p>	<p>The Committee thus recommends that the County Assembly should establish an</p>



	<b>Internal Audit Function</b>	<p>Management policies in draft form.</p> <ul style="list-style-type: none"> <li>• ICT strategic Plan, County Assembly Service Board Code of Conduct, Internal Audit Work Plan Internal Audit Charter not approved</li> </ul>	<p>now in place and they have scheduled a number of activities to review the various departmental manuals and annual reports and financial statements. This will help in strengthening internal controls of the Migori County Assembly.</p>	<p>Audit Committee in place</p>	<p>Audit Committee and submit a status report to the Auditor General within sixty (60) days from the date of adoption of this report.</p>
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**REPORT OF THE SENATE COUNTY PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON AUDITED FINANCIAL STATEMENTS OF HOMA BAY COUNTY ASSEMBLY FOR THE FINANCIAL YEAR 2023/2024.**

**Basis for Adverse Opinion**

SUMMARY OF UNRESOLVED ISSUES						
No .	Audit Query	Audit Findings	Management Response	Committee Observations	Committee Recommendations	Timeline
	<b>REPORT ON FINANCIAL STATEMENTS</b>					
1	<b>Unexplained Variance on Compensation of Employees</b>	<ul style="list-style-type: none"> <li>Payroll summaries for gross salaries have an unexplained variance of Kshs.41,636,022.</li> <li>Compensation of employees' costs of Kshs.84,642,830 processed outside the Integrated Payroll and Personnel</li> </ul>	<ul style="list-style-type: none"> <li>The highlighted variance of Kshs. 41,636,022 was due to Kshs. 24,094,250 paid in respect to pension and gratuity which was reported under Social Security Benefits and Kshs. 17,541,772 towards pension</li> </ul>	Management explained the variance as payments of Kshs. 24,094,250 for pension and gratuity under Social Security Benefits and Kshs. 17,541,772 for pension arrears to the Lap Fund Pension Scheme.	The Committee recommends 1. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who failed to provide the documents to the auditors and	60 days from the date of adoption of this report

					<p>provides a status report to the Office of the Auditor General within sixty (60) days</p>	
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		Database (IPPD) system	<p>arrears to Lap Fund Pension Scheme</p> <ul style="list-style-type: none"> <li>▪ Appendix 1 - Lap fund Arrears Summary and Payments</li> <li>▪ Management is working towards achieving 100% IPPD compliance although there have been challenges with transfer of payroll details of some staff from their previous employers through the office of the Directorate of Personnel</li> </ul>	<p>However, no supporting evidence was provided for verification.</p>	<p>from the adoption of this report;</p> <p>2. The Institute of Certified Public Accountants (ICPAK) takes action(s) against the responsible officer (s) for failure to do bank reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Senate within 60 days of the adoption</p>	
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					<p>of this report;</p> <p>3. That the EACC undertakes an Investigation of the responsible</p>	
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			Service Management.		Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and (c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.	
2	<b>Unsupported Expenditure Use of Goods and Services</b>	<ul style="list-style-type: none"> <li>▪ Un-Vouched Payments totalling to Kshs. 40,631,449</li> <li>▪ Unsupported Domestic Travel and Subsistence Expenses-payment vouchers</li> </ul>	<ul style="list-style-type: none"> <li>▪ The payment vouchers have now been retrieved and availed for review and verification-.</li> <li>▪ Payment vouchers now supported-</li> </ul>	Key documents supporting the expenditures have not been provided during the audit review.	1. The Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide documents to	60 days from the date of adoption of this report



		<p>amounting Kshs.31,258,900 were not supported</p> <ul style="list-style-type: none"> <li>▪ Unsupported Fuel, Oil and Other Lubricants Kshs. 4,086,580 and recorded fuel for generator Kshs.347,747</li> </ul>	<p>Committee warrant and payment claims, Appendix 3b - Committee Reports and Appendix 3c - Approved requisition for facilitation</p> <ul style="list-style-type: none"> <li>▪ Support documentation attached for audit verification.</li> </ul>		<p>the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. The Committee recommends that the Accounting Officer recovers the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public</p>	
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					<p>Finance Management (County Governments) Regulations, 2015.</p> <p>3. The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.</p>	
<b>3</b>	<b>Unconfirmed Cash and Cash Equivalents Balance</b>	Cash and cash equivalents balance of Kshs.13,945,240 held in six (6) bank	Bank reconciliation statements and cash book extracts are	Requisite supporting documentation not availed for	1. The Accounting Officer undertakes administrative	60 days from the date of

		accounts respective bank reconciliation statements and cash book extracts for June, 2024 were not provided for audit	readily available for audit review.	audit verification	<p>action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. The Institute of Certified Public Accountants (ICPAK) takes action(s)</p>	adoption of this report
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					<p>against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of the adoption of this report.</p> <p>3. The Office of the Auditor General conducts a special inquiry on all bank Accounts</p>	
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					<p>belonging to the county government, to confirm all statuses of the accounts relating to deposits and withdrawals and report to the Committee within 90 days of the adoption of this report;</p>	
4	<b>Unsupported contingent liabilities</b>	<p>Unsupported contingent liabilities balance of Kshs.97,036,519</p>	<p>The Assembly has appealed the court ruling of one case and intends to settle the outstanding balance in 2024/2025 FY</p>	<p>The documentations provided does not include evidence substantiating the appeal. Further, the response regarding the settlement of the contingency</p>	<p>1. The Accounting Officer undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the time of audit in accordance with</p>	<p>60 days from the date of adoption of this report</p>

				<p>liability fails to address the specific issue raised.</p>	<p>section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report;</p> <p>2. County Assemblies to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.</p>	
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5	<b>Unsupported Voided Transactions</b>	Fifty-one (51) transactions in IFMIS amounting to Kshs. 29,789,741 were voided. Review of the Integrated Financial Management Information System (IFMIS) ledger records revealed transactions totalling Kshs. 21,550,132 were initiated but later voided without any justification.	In the list of voided transactions, two were pertaining to KRA payments that had been invoiced through the IFMIS system but had already been collected via Agency Notice directly from the Central Bank of Kenya. The rest were later paid within the financial- Refer annex - Appendix 6 - Copies of the voided payment vouchers	Two voided transactions related to KRA payments reportedly collected directly from the Central Bank of Kenya were identified. However, there was no documentary evidence to confirm that these payments were indeed collected.	1. The Committee requests the Controller of Budget to liaise with the Auditor General to confirm whether the payments were canceled after the approval and there was no notification or due process. 2. The Accounting Officer undertakes administrative action against the accounting officers for voiding payments without approval and diverting funds.	60 days from the date of adoption of this report
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					3. The Committee recommends that the EACC should expedite investigations on the matter in line with the Controller of Budget Act.	
6	<b>Variance in Pending Bills Balance</b>	<ul style="list-style-type: none"> <li>Re-computation of the unpaid balance revealed an amount of Kshs. 107,475,103 resulting in an over statement by Kshs.47,469,795.</li> <li>Pending bills not paid on first charge basis- Only Kshs.3,561,756 for prior year leaving a balance of Kshs.80,999,662. Management prioritized payment of bills for the current</li> </ul>	County Assembly managed to pay a total of Kshs. 16,945,774 out of an opening balance of Kshs. 84,561,416 which accounts for 20% of the opening pending bills in the financial year 2023/2024	The county assembly only managed to pay 20% of the outstanding pending bills during the 2023/2024 financial year.	The committee recommends that; i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of	60 days from the date of adoption of this report



		financial year (2023/2024FY)			<p>pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by a county assembly to clear inherited pending bills when approving exchequer releases;</p> <p>iii. County assembly shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) &amp; (3) of the Public</p>	
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					Finance Management (County Governments) Regulations;	
<b>EMPHASIS OF MATTER</b>						
<b>1</b>	<b>Budgetary control and performance</b>	Underfunding of Kshs.192,612,455 or 16% of the budget  Budget provisions totaling Kshs.101,000,000 allocated for non-residential Buildings (offices, schools and hospitals) and refurbishment of residential buildings were not implemented	Late exchequer disbursements Funding shortfall during the year under review Appendix 7 - Detailed summary Exchequer Receipts for FY 2023/2024	there was under-utilization of appropriated funds by the County Assembly as a result of delay in exchequer releases by The National Treasury.	The Committee therefore recommends that the National Treasury should ensure timely release of funds to county Governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.	Continuous

<b>OTHER MATTER</b>						
<b>1</b>	<b>Unresolved prior year matters</b>	Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates	Management affirms its commitment to addressing all identified issues. Significant progress has been made in resolving several concerns	The committee noted that the County Assembly did not take actions on the issues raised on the report of the Auditor General	The Committee recommends that the County Assembly complies with the Section 53 of the Public Audit Act, 2015 by taking action on the issues raised by the Auditor General and submits a report to the Auditor General for review within sixty (60) days of the adoption of this report.	60 days from the date of adoption of this report
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>						
<b>1</b>	<b>Regularity in Human Resource Management Practices</b>					
	<b>Non-compliance with the one third of basic salary rule-</b>	Cases of officers drawing net salary less than a third of basic salary contrary to the provision of Section 19(3) of Employment act	The introduction of the Housing Levy of 2.75% and the new NSSF deduction which was increased to 1080. The	The Committee observed that some of the county staff were earning less than a third of their basic	1) The county assembly should configure their IPPD system such that it is able to lock out	60 days from the date of adoption of this report

			implementation of this new government policy led to an automatic reduction in their net salaries	pay contrary to Section 19 (3) of the Employment Act 2007.	commitments beyond the accepted thresholds; and 2) The Auditor General should continue monitoring the issue in subsequent audit cycles.
	<b>Non-compliance with laws of National Cohesion and affirmative action</b>	247 out of 250 or 99% of employees were from the dominant ethnic community	The county assembly receives overwhelming responses to advertised opportunities from applicants within the region of its geographic location. Further, the composition of staff and members of county assembly includes the Suba community who	The Committee observed that there was no ethnic diversity among the County Assembly employees.	1) the County Assembly should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act 2012 on ethnic inclusivity; and



			are normally construed to be Luos		2) the County Assembly and CASB should provide to the Auditor General a five-year strategy of measures it will put in place to ensure compliance with Section 65 (1) (e) of County Government Act 2012 within sixty (60) days of the adoption of this report.	
	<b>Lack of Approved Staff Establishment</b>	During the year under audit, the County Assembly an approved Staff Establishment	The Management did not respond to the query	The Committee noted that the County Assembly did not have an authorized staff establishment.	The Committee recommends that the County Assembly should expedite development and approval of its staff	

					establishment and a status report should be submitted to the Auditor General for verification within sixty (60) days of the adoption of this report.	
2	<b>Regularity of Imprest Management</b>	<ul style="list-style-type: none"> <li>▪ Allowances Paid Without Issuing Imprest Warrants- Imprest warrants in support of the payments of Kshs.259,379,78 5 were not provided for audit</li> <li>▪ Joint Surrenders of Imprests- officers surrendered imprests jointly without reasons why surrenders could not be</li> </ul>	<ul style="list-style-type: none"> <li>▪ Th County Assembly often engage in committee activities before facilitation due to delays in exchequer releases. claim forms (F.O.22) are paid after funds are received, leading to payments being processed without imprest warrants.</li> </ul>	County Assembly did not provide imprest surrender records to the Auditor General at the time of audit.	1. The Committee recommends that the Accounting Officer recovers the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulations, 2015.	60 days from the date of adoption of this report

		<p>processed individually by the imprest holders.</p> <ul style="list-style-type: none"> <li>▪ Issuance of Multiple Imprests - seven (7) officers were issued with multiple imprests during the year, which sometimes overlapped</li> <li>▪ Un-Surrendered Imprests Eight (8) officers took multiple imprests amounting to Kshs.1,129,000, which was still outstanding at the time of the audit</li> <li>▪ Imprests Not Recorded in the Imprest Register - , imprests issued amounting to</li> </ul>	<ul style="list-style-type: none"> <li>▪ No management comments</li> <li>▪ The seven officers who were issued with imprest have since fully accounted and surrendered for the same</li> <li>▪ No management responses</li> <li>▪ The assembly's internal controls is that where payments are made before an activity commences, imprest warrants are issued and surrendered upon completion,</li> </ul>		<p>2. The Committee further recommends sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015.</p>	
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		<p>Kshs.176,676,030 were not recorded in the imprest register</p> <ul style="list-style-type: none"> <li>Unjustified Committee Allowances and Expenses - An amount of Kshs.30,615,200 was paid as allowances to the staff and members of the County Assembly to facilitate them in various routine normal activities that could have been done within the precincts of the County Assembly headquarters.</li> </ul>	<p>while post-activity payments are supported by claim forms (FO.22). Consequently, the said amount of Kshs. 176,676,030 were total sum payments made for post activity and not imprest as stated above</p> <ul style="list-style-type: none"> <li>It is important to note that the report in question was highly sensitive and attracted significant public attention. As a precautionary measure, it was deemed</li> </ul>			
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			<p>necessary to conduct the related activities off- site to ensure a conducive environment for objective discussions and decision- making</p>			
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3	<b>Non-Regularity of Procurement and Award of Contracts</b>	<p><b>Delayed Construction of Speaker's Residence</b> The contract was to begin on 23 March, 2023 and end on 24 March, 2024. The contractor had been paid a total of Kshs.13,446,678 out the 32M as at 30 June, 2024. However, a title deed for the land was provided and the contract period had expired and contractor moved out of site</p> <p><b>Repair Works and External Toilet</b> Kshs.4,574,132 were spent on contracted repair works and external toilet. The</p>	<ul style="list-style-type: none"> <li>▪ The construction of the Speaker's residence contract was automatically terminated after the expiry of the contract period. The contractor was asked to vacate the site due to a breach of contract. Measures are being taken to expedite the title deed transfer and address the incomplete works to ensure the</li> <li>▪ The management having noted this mistake,</li> </ul>	The Contract was terminated before project completion period	The Committee recommends that; 1. The County Assembly establishes a project management and monitoring System to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015 within 60 Days	60 days from the date of adoption of this report
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	<p>certificate of practical completion was issued but construction incomplete, and the contractor was not on site.</p> <p><b>CCTV Installation</b></p> <p>Contract of Kshs.4,948,600 for supply, delivery, installation, testing and commissioning of Structured Cabling, IP PBX, CCTV, Access Control and Audio-Visual Works was awarded and certificate of completion for the full contract. However, the works were incomplete and not done as the specifications</p>	<p>summoned the contractor back to site and all the pending works have since been completed</p> <ul style="list-style-type: none"> <li>▪ Corrective measures have since been undertaken to address the identified gaps. The contractor has now completed all outstanding works as per the Bill of Quantities. Further, the system's administration rights and privileges have now been fully handed over to</li> </ul>		<p>from the date of adoption of this report;</p> <p>2. The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p>	
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		<p><b>Incomplete Drainage, Renovation and Landscaping</b></p> <p>Contract for Kshs.3,187,313 awarded and whole amount was paid as certified. However, the landscaping and innovation works incomplete. The contractor was not on site.</p>	<p>the County Assembly to ensure complete control and ownership. Additionally, management also confirms that the previous CCTV system has not been tempered with and the cameras and cables are still intact.</p> <ul style="list-style-type: none"> <li>▪ Corrective measures have since been taken to ensure full implementation of the project. The contractor has since resumed work and completed</li> </ul>	<p>No documentary evidence was provided confirming the recall of the contractor</p>		
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			<p>all outstanding landscaping, including soft landscaping. A final inspection has been conducted, and the project is now fully completed.</p> <ul style="list-style-type: none"> <li>instances arose due to system challenges that occasionally affected transaction processing. To address this, management has since taken steps to ensure full compliance.</li> </ul>			
4	<b>Projects Project Implementation status</b>	<b>Stalled/Delayed Projects</b> Review of the quarterly project implementation	Corrective measures have since been taken to ensure that all pending works	Measures and remedial actions taken to address the delays and complete of		

	<p>status report and physical verifications of projects on 4 September, 2024 revealed that nine (9) had either stalled or were incomplete</p> <p><b>Delayed Ward Offices Projects</b></p> <p>several projects for the construction of Ward Offices were awarded to various contractors at cost Kshs.69,400,721. The constructions were to start on 1 April, 2024 and end on 11 December, 2024. None had been started at conclusion of audit on Sept-2024. The ownership documents of the parcels of land where these offices were to</p>	<p>have been completed as per the contract specifications</p>	<p>projects are not clear</p>		
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		be constructed were not provided for audit review.				
5	<b>Avoidable Legal Claims, Penalties and Interests</b>	Kshs.5,570,000 paid Penalties and interests imposed for failure to pay court claims awarded	The delay in payments was largely attributed to budgetary constraints and late exchequer releases which affected the timely execution of financial obligations. Management recognizes that these penalties could have been avoided and is taking steps to prioritize the settlement of legal claims within the available resource envelope to prevent future accrual of unnecessary legal costs.		<ol style="list-style-type: none"> <li>1. The County Assembly to make a provision in its budget for contingency liability in respect of legal fees pursuant to regulation 25(2)(e) of the Public Finance Management (County Government) Regulations, 2015.</li> <li>2. Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible</li> </ol>	

					officer(s) who failed to provide the documents to the auditors and provide a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.	
6	<b>Bank Overdraft Fees and Penalties</b>	Avoidable voidable Bank Overdraft Fees and Penalties of Kshs.2,366,770	The bank overdraft fees and penalties of Kshs. 2,366,770 arose due to delays in the monthly exchequer releases which affected timely payment of salary. To mitigate the delays and to ensure that employees received their salaries on	The County Assembly has established an arrangement with a bank to facilitate salary payments in the event of delays in exchequer fund releases.	The Committee recommends that the National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate.	Continuous



			time, the County Assembly entered into an arrangement with the bank to facilitate salary payments in such instances.			
7	<b>Non-Compliance with Fiscal Responsibility Principle on County Assembly Expenditure</b>	The total approved expenditure for the County Assembly amounted to Kshs.1,011,186, 328 or 11% of the total County Government's revenues which exceeded the set threshold of 7% by Kshs.393,107,948	<ul style="list-style-type: none"> <li>▪ The over-expenditure was necessitated by critical operational and legislative obligations that required funding to ensure the effective functioning of the County Assembly.</li> <li>▪ The budget was prepared within the approved ceilings by the Commission on</li> </ul>		the management should strictly adhere to the provision of regulation 25(1)(f) of the PFM (county government) regulations, 2015 which stipulates that the approved expenditure of a County Assembly shall not exceed 7% of the total revenues of the County Government or twice the personnel emoluments of the	

			Revenue Allocation (CRA) and approved by the Office of the Controller of Budget (OCOB).		county assembly, whichever is lower	
8	<b>Irregular Payments to County Assemblies Forum</b>	An amount of Kshs.1,300,000 paid to the County Assemblies Forum (CAF). contrary to Section 37 of the Intergovernmental Relations Act, 2012	The County Assembly provides for annual subscriptions to membership bodies in its annual budget estimates. This is to facilitate intergovernmental engagements and capacity-building initiatives for the Assembly	The Committee noted that payments made to the Society of Clerks-at-the-Table (SOCATT) were irregular and unlawful without a legal framework to guide CAF operation.	The Committee recommends that the irregular payments to the Society of Clerks at the Table (SOCATT) and County Assemblies Forum (CAF) be stopped and further recommends the surcharge of any accounting officer who continues to make the irregular contribution.	60 days from the date of adoption of this report
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>						

1	<b>Weak Internal Controls on Payments</b>	Payment vouchers in respect of foreign travel and subsistence claims revealed that payments totalling Kshs.2,851,570 were paid as reimbursements without examination, vote book control, AIE holder certification and authorization by the Accounting Officer	All the necessary support documentation pertaining to aforementioned payments were provided, namely; copy of invitation letter, clearance letter from the Ministry of Devolution and stamped passports, nevertheless the observed oversight on the physical signing of payment voucher has since been addressed.	Reimbursements were made without proper examination, vote book control, certification by the AIE holder, or authorization by the Accounting Officer	The Committee recommends that the county assembly should expedite the formation and operationalization of the Risk Management Strategy and provide a status update to the Senate and the Office of the Auditor General within 60 days of adoption of this report.	60 days from the date of adoption of this report
2	<b>Weaknesses in Management of Cash</b>	Regular bank reconciliations were not prepared, checked, approved, or submitted to the County Treasury on a timely basis.	<ul style="list-style-type: none"> <li>Bank Reconciliations : -are conducted monthly, reviewed, and signed by the Accounting Officer.</li> </ul>	There is no supporting documentation to verify management's assertions concerning the internal controls		

		<p>No evidence of approved cash floats to control the imprests.</p> <p>No IFMIS cash books. Cashbooks were prepared in MS Excel, which are prone to errors, inaccuracies and manipulations.</p> <p>Procurements done through cash imprests which may be abused or used to circumvent the procurement laws. The low-cost procurements (Kshs.50,000 and below), the high frequency of purchases may have been used to split procurements.</p>	<p>Reconciliations to submitted to the County Treasury on time to enhance accountability and compliance.</p> <ul style="list-style-type: none"> <li>▪ Standing Imprests: The approved standing imprest is allocated procedurally. The temporary imprests issued to individuals were within the allowable threshold and were fully retired, ensuring compliance with financial regulations.</li> </ul>	<p>for bank reconciliation, approved standing imprests, cash floats, and cash books generated by the IFMIS.</p>		
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			<ul style="list-style-type: none"> <li>▪ Cash Book Management: While the County Assembly utilizes the IFMIS system, management has maintained both soft and hard copies of the cash book for ease of reconciliation and backup purposes.</li> <li>▪ Procurement through Imprests: The use of imprests for procurement was within the prescribed limit of Kshs. 50,000 and did not require the full procurement</li> </ul>			
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			process and proper support and accountability done			
5	<b>Lack of approved Information Technology Communication (ICT) policy</b>	There was no approved ICT policy in place as at 30 June, 2024	<p>The County Assembly has since developed and approved an ICT Policy</p> <p>Business Continuity Plan and Data Recovery Mechanism have been put in place</p> <p>Management is the process of establishing an ICT Steering Committee</p> <p>Efforts are being made to ensure all software</p>	<p>The ICT policy has been approved, and a business continuity plan and ICT steering committee are established.</p> <p>However, the approved ICT policy, along with documented evidence of the business continuity plan and ICT steering committee's implementation, has not been provided.</p>		

			applications used by the Assembly are properly licensed.			
6	<b>Weaknesses in the Management of Fixed Assets</b>	<ul style="list-style-type: none"> <li>▪ Incomplete fixed assets register- Key details missing.</li> <li>▪ Non- disclosure of completed buildings, works in progress, land - the land size, values and the ownership documents or title deeds for the parcels of land were not provided for audit.</li> <li>▪ The assets were not tagged, while the assets movement register was not updated.</li> </ul>	<p>County Assembly has initiated plans to engage a certified valuer to conduct a comprehensive asset valuation to determine the correct values of all County Assembly assets</p> <p>The building in question was inherited from the defunct municipal council, and management is actively working on the transfer of the title deed</p> <p>The County Assembly is in</p>	<p>Efforts to obtain a valuer, title deeds, and a proper handover report could not be verified, as no correspondence with the county government, lands ministry, or other relevant authorities was provided for verification.</p> <p>Additionally, the attached asset register is only an extract and does not include all assembly assets or the necessary asset details.</p>	<p>1. County Assembly should update and present their Fixed Assets Register in the format prescribed by the Public Sector Accounting Standards Board;</p> <p>2. County Assembly should adopt and implement the report of the Inter-Governmental Technical Relations Committee (IGTRC) on assets and liabilities from defunct Local Authorities and provide a status</p>	60 days from the date of adoption of this report

		<ul style="list-style-type: none"> <li>▪ Several obsolete items had not been marked for disposal.</li> <li>▪ No handover report was provided to confirm land, buildings, motor vehicles and other assets from the defunct local authorities.</li> </ul>	<p>consultations with the Ministry of Lands at both County and National levels to facilitate the transfer of ownership documents</p> <p>Efforts to consolidate a comprehensive handover report for assets inherited from the defunct local authorities to ensure accountability and compliance with asset management best practices is on going</p>		<p>update to the Office of the Auditor General within 90 days of adoption of this Report; and</p> <p>3. The Office of the Auditor General should progressively review and report on the matter in the subsequent Financial Years.</p>	
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### **13<sup>TH</sup> PARLIAMENT 4<sup>TH</sup> SESSION**

**MINUTES OF THE EIGHTH SITTING OF THE COUNTY PUBLIC ACCOUNTS COMMITTEE WITH THE COUNTY EXECUTIVE OF NYAMIRA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE COUNTY EXECUTIVE OF NYAMIRA COUNTY EXECUTIVE FOR FINANCIAL YEAR 2023/2024, THE RECEIVER OF REVENUE STATEMENT AND THE COUNTY REVENUE FUND FOR FINANCIAL YEAR 2023/2024 HELD ON WEDNESDAY, 26<sup>TH</sup> MARCH, 2025 AT COMMITTEE ROOM 9, SECOND FLOOR, BUNGE TOWER AT 9.00 A.M.**

#### **PRESENT**

- |   |                    |
|---|--------------------|
| 1. Sen. Moses Otieno Kajwang', CBS, MP  | - Chairperson      |
| 2. Sen. Johnes Mwashushe Mwaruma, MP    | - Vice Chairperson |
| 3. Sen. Fatuma Adan Dullo, CBS, MP      | - Member           |
| 4. Sen. Okong'o Mogeni, CBS, SC, MP     | - Member           |
| 5. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP | - Member           |
| 6. Sen. Enoch Kiio Wambua, CBS, MP      | - Member           |
| 7. Sen. Mwenda Gataya Mo Fire, CBS, MP  | - Member           |
| 8. Sen. Edwin Watenya Sifuna, CBS, MP   | - Member           |

#### **ABSENT WITH APOLOGY**

- |  |          |
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| 1. Sen. Samson Kiprotich Cherarkey, MP | - Member |
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#### **SECRETARIAT**

- |                                   |  |
|-----------------------------------|--|
| 1. Mr. Fredick Muthengi<br>Office | - Deputy Director Parliamentary Budget |
| 2. Mr. Joash Kosiba               | - Chief fiscal analysts                |
| 3. Mr. George Otieno              | - Principal Clerk Assistant II         |
| 4. Mr. Crispus Tima               | - Clerk Assistant I                    |
| 5. Mr. David Angwenyi             | - Clerk Assistant I                    |
| 6. Mr. Malcom Ngugi               | - Legal Counsel                        |
| 7. Mr. Osman Mohamed              | - Researcher                           |
| 8. Ms. Joan Mahinda               | - Researcher                           |
| 9. Ms. Annette Khayela            | - Researcher                           |
| 10. Mr. Salat Hussein             | - Fiscal analysts                      |
| 11. Mr. Willian Zenton            | - Audio Officer                        |

- |                        |                    |
|------------------------|--------------------|
| 12. Mr. John Chege     | - Serjeant-at-arms |
| 13. Ms. Emily Murabula | - Intern           |

## **IN ATTENDANCE**

### **A. COUNTY GOVERNMENT OF NYAMIRA**

- |                      |                         |
|----------------------|-------------------------|
| 1. Hon. Amos Nyaribo | - Governor              |
| 2. Mr. Jones Omwenga | - CECM-Finance          |
| 3. Mr. Steven Oboso  | - CECM-Lands            |
| 4. Dr. Mogui Donald  | - CECM-Health           |
| 5. Mr. Erastus Orina | - County Attorney       |
| 6. Dr. Asmath Maobe  | - Chief Officer Finance |
| 7. Mr. Harbert Obegi | - Senior Accountant     |
| 8. Ms. Rael Nyandika | - Senior Accountant     |
| 9. Mr. Aloys Matara  | - Accountant            |
| 10. Mr. Misati Amos  | - SCMO-Finance          |

### **B. COUNTY ASSEMBLY OF NYAMIRA**

- |                       |       |
|-----------------------|-------|
| 1. Hon. Josiah Magoma | - MCA |
| 2. Hon. Miinda Riechi | - MCA |
| 3. Hon. Cheloo Kegwa  | - MCA |
| 4. Hon. James Matinda | - MCA |

### **C. OFFICE OF THE AUDITOR GENERAL**

- |                        |                         |
|------------------------|-------------------------|
| 1. Mr. Francis Kaboi   | - Deputy Director-OAG   |
| 2. Mr. Joseph Irungu   | - Principal Auditor-OAG |
| 3. Mr. Patrick Muriuki | - Liaison Officer-OAG   |

### **D. OFFICE OF THE CONTROLLER OF BUDGET**

- |                         |                  |
|-------------------------|------------------|
| 1. Mr. Gilbert Gachanja | -Liaison Officer |
|-------------------------|------------------|

### **E. OFFICE OF THE ETHICS AND ANTI-CORRUPTION COMMISSION**

- |                        |                  |
|------------------------|------------------|
| 1. Ms. Patricia Chebet | -Liaison Officer |
|------------------------|------------------|

## **MIN. NO. SEN/CPAC/042/2025 PRAYER**

The meeting was called to order by the Chairperson at thirty minutes past nine O'clock followed by a word of prayer.

## **MIN. NO. SEN/CPAC/043/2025 ADOPTION OF THE AGENDA**

The agenda of the meeting was adopted having been proposed by Sen. Edwin Watenya Sifuna, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP, as follows –

1. Prayer.
2. Adoption of Agenda.



3. Confirmation of Minutes of previous Meetings.
4. Matters arising from Minutes of previous Meetings.
5. Introductions.
6. Administration of Oath of Witness and Tabling of Documents;
7. Preliminaries;
8. Consideration and Adoption of Reports for the forty-Seven (47) County Executives and forty-seven (47) County Assemblies;
9. Brief on the Audit Report of the Financial Statements of the County Executive of Nyamira for Financial Year 2023/2024 (*Committee Paper No. 012*).
10. Meeting with County Executive of Nyamira to consider Reports of the Auditor-General on the Financial Statements of the Nyamira County Executive for Financial Year 2023/2024, the Receiver of Revenue Statement and the County Revenue Fund for Financial Year 2023/2024.
11. Any Other Business.
12. Date of the Next Meeting and Adjournment.

**MIN. NO. SEN/CPAC/044/2025                      ADMINISTRATION OF OATH OF  
WITNESS AND TABLING OF  
DOCUMENTS**

The Governor of Nyamira County took Oath of Witness and tabled the Management responses and supporting documents for the Nyamira County Executive for Financial Year 2023/2024, the Receiver of Revenue Statement and the County Revenue Fund for Financial Year 2023/2024.

**MIN. NO. SEN/CPAC/045/2025                      CONFIRMATION OF MINUTES**

The Committee confirmed the following sets of minutes-

- i) The Minutes of the Fifth Sitting held on Monday, 17<sup>th</sup> March, 2025; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Johnes Mwashushe Mwaruma, MP and seconded by Sen. Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP.
- ii) The Minutes of the Sixth Sitting held on Tuesday, 18<sup>th</sup> March, 2025; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. (Dr.) Lelegwe Ltumbesi, CBS, MP and seconded by Sen. Fatuma Adan Dullo, CBS, MP.
- iii) The Minutes of the Seventh Sitting held on Monday, 24<sup>th</sup> November, 2024; were confirmed as a true record of the proceedings and signed by the Chairperson after being proposed by Sen. Johnes Mwashushe Mwaruma, MP and seconded by Sen. Enoch Kiio Wambua, CBS, MP.

Members raised concern on the format of drafting the Minutes and the way  
interrogated  
issues were being captured in the Minutes.

The Committee directed, the secretariate to have a standard way of drafting the minutes and on the how issues interrogated are being captured.

**MIN. NO. SEN/CPAC/046/2025                      MATTERS ARISING FROM THE PREVIOUS MINUTES**

There was no matter arising from Minutes of previous Meetings.

**MIN. NO. SEN/CPAC/047/2025 PRELIMINARIES**

In the preliminary, the Clerk informed the Committee that, the secretariate had prepared for consideration by the Committee Forty-Seven (47) reports of the County Executives and forty-seven (47) reports of the County Assemblies from various Counties, noting that some Counties had submitted their management responses beyond the timelines stipulated in the invitation letters.

Upon deliberations, the Committee resolved to invoke Article 125 of the Constitution and Section 18 and 20 of the Parliamentary Powers and Privileges Act, Cap 6, that empower the Senate and any of its Committees to summon any person to appear before it for purpose of giving evidence or providing information.

**MIN. NO. SEN/CPAC/048/2025                      CONSIDERATION AND ADOPTION OF REPORTS FOR THE FORTY-SEVEN (47) COUNTY EXECUTIVES AND FORTY-SEVEN (47) COUNTY ASSEMBLIES**

The Committee considered and adopted the report of the County Public Accounts Committee on the Assessment of Risk Exposure on County Executive on County Executives for the financial year 2023/2024 having been proposed by Sen. Enoch Kiio Wambua, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP.

Further, the Committee considered and adopted its Report on the Report of the Auditor General for the forty-Seven (47) County Executives and forty-seven (47) County Assemblies having been proposed by Sen. Enoch Kiio Wambua, CBS, MP and seconded by Sen. Okong'o Mogeni, CBS, SC, MP.

The Committee directed the secretariat to incorporate the amendments given by the members of the Committee and present the aforementioned reports for Tabling in the House.

**MIN. NO. SEN/CPAC/049/2025                      MEETING WITH COUNTY EXECUTIVE OF NYAMIRA TO CONSIDER REPORTS OF THE AUDITOR-GENERAL ON THE**



**NYAMIRA COUNTY EXECUTIVE FOR  
FINANCIAL YEAR 2023/2024, THE  
RECEIVER OF REVENUE STATEMENT  
AND THE COUNTY REVENUE FUND FOR  
FINANCIAL YEAR 2023/2024**

The Committee considered and noted the contents of Committee Paper No. 12 (*Meeting with the County Executive of Nyamira*).

The Auditors from the hub raised concern, informing the Committee that management responses were submitted late; hence they were not ready to proceed and guide the Committee.

The Committee displayed its displeasure owing to the fact the management responses were submitted to auditor, the very day the Governor was meant to appear before the Committee.

Consequently, the Committee was informed that the County Assembly has not been able to consider the Auditor-General Reports, noting that the management responses were sort by the County Assembly, but were not submitted as sort.

After deliberations the Committee resolved to-

- i) Reschedule the meeting to a later date that will be communicated to the Governor in due course to respond to the audit issues raised in the aforementioned reports.
- ii) Do a special inquiry on the Governance of Nyamira, and confirm whether the approvals were done within the law.
- iii) The Office of the Auditor-General to undertake a special audit on the financial statements of the Reports of the Auditor-General on the Financial Statements of the Nyamira County Executive for Financial Year 2023/2024, the Receiver of Revenue Statement and the County Revenue Fund for Financial Year 2023/2024.
- iv) The Committee further directed the management to resubmit the management responses that are clear, legible with no ambiguity to the auditor and Senate.

The Committee urged the County executive and the County Assembly of Nyamira to come together and provide leadership in working towards achieving a common goal aimed at improving the lives of the people of Nyamira County.

**MIN. NO. SEN/CPAC/050/2025      ANY OTHER BUSINESS**

The Chairperson, thanked the Secretariate for burning the midnight oil in seeing the exercise of drafting these reports come true. Further, the Chairperson also thanked the technical team led by the Office of the Auditor-General, the Ethics and Anti-Corruption Commission and the National Treasury for their input in fine tuning the final drafts of the reports.

MIN. NO. SEN/CPAC/051/2025

DATE OF NEXT MEETING &  
ADJOURNMENT

The Chairperson adjourned the meeting at thirty minutes past six o'clock in the evening. The next meeting would be on notice.

SIGNED: .....

DATE: .....

26 March 2025

(CHAIRPERSON: SEN. KAJWANG' MOSES OTIENO, CBS, MP.)