

REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
COUNTY GOVERNMENT OF BUNGOMA**

**FOR THE YEAR  
ENDED 30 JUNE 2015**

# REPUBLIC OF KENYA

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## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON COUNTY GOVERNMENT OF BUNGOMA FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Government of Bungoma set out on pages 7 to 33, which comprise the statement of financial assets as at June 30, 2015, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

### **Basis for Adverse Opinion**

#### **1.0 Accuracy and Completeness of the Financial Statements in IFMIS systems.**

The financial statements for the year ended 30 June 2015 were prepared outside Integrated Financial Management Information Systems (IFMIS) as the revenue module was not activated and hence revenues were not captured and posted. Further, due to the non-usage of the revenue module all balances in the statement of assets could not be confirmed as wholly captured and therefore expenditure amounting to Kshs.581,460,684 was not posted as expenditure in the IFMIS system but was captured manually in the financial statements after reconciliation. In addition, revenue from devolved functions was not included in the financial statements resulting to material misstatement of the financial statement balances as follows:-

	<b>Financial Statements Amount (Kshs.)</b>	<b>IFMIS Report Amount (Kshs.)</b>	<b>Difference (Kshs.)</b>
<b>Details</b>			
Receipts	7,342,368,188	-	7,342,368,188
Payments	7,345,673,615	6,764,212,931	581,460,684
Bank Balances	1,456,649,705	-	1,456,649,705
Imprest Account	89,221,464	-	89,221,464

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

#### **2.0 Cash and Cash Equivalents**

The cash and cash equivalent balance was Kshs.1,456,649,705 as at 30 June 2015. However, the County Government operated a total of 152 bank accounts (**Appendix I**) for both the Executive and the County Assembly. Ward, Bursary and Trade Loan Collection accounts had the highest number of bank accounts with each having 45 accounts.



<b>Nature of Bank Accounts</b>	<b>No. of Bank Accounts</b>
Revenue Account	2
Development Account	1
Trade Loan Collection Account	45
Hospital Facility A/C	10
Bursary Fund Account	45
Empowerment Funds	4
Ward Funds A/C	45
<b>TOTAL</b>	<b>152</b>

Further, Note 22A to the financial statements has disclosed the balance of 18 bank accounts in the financial statements. The balances in the remaining 134 bank accounts have not been disclosed. The management of a large number of bank accounts may pose administrative challenges and costs. .

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,456,649,705 could not be confirmed.

### **3.0 Pending Bills**

The County Government's unverified pending bills stood at Kshs.95,494,683 as per Note 26. Additionally, the County Assembly had outstanding bills amounting to Kshs.45,260,688 (**Appendix II**) which were not disclosed in the financial statements. Despite the huge budgetary provisions and cash basis of accounting, it is not clear how the debts were committed since all the supporting documents for the pending bills were not provided for audit verification.

In the circumstances, the propriety of the pending bills of Kshs.140,755,371 could not be confirmed and the huge pending bills will impact negatively on subsequent year budget and operations.

### **4.0 Fixed Assets**

The summary of fixed asset register at Annex 4 and Note 18 in the financial statement on acquisition of assets reflects assets of Kshs.1,978,205,812 as at 30 June 2015. However, the assets register was not properly maintained.

Further, the figures listed in various assets classes summary in the fixed asset register did not tally with the financial statements balances. In addition, the fixed assets inherited from the defunct local authorities in Bungoma County have not been incorporated in the fixed assets register.

In the circumstances, the accuracy, completeness, valuation, security and location of the fixed assets could not be confirmed.

## 5.0 Unsupported Procurement Expenditures

Contracts worth Kshs.493,481,678 were not supported with the original signed tender evaluation reports, tender award minutes and other supporting documents as they were reportedly held by the Ethics and Anti-Corruption Communication (EACC) and had not been returned to the County Office by the time of the audit. The expenditure was incurred in various departments as follows:-

Department/Ministry	Item	Amount (Kshs.)
Ministry of Education, Youth and Sports	Various	82,741,094
Ministry of Health	Various	154,530,628
Ministry of Agriculture	Projects	113,746,132
Ministry of Water	Water project	24,202,602
Gender & culture	Projects	26,287,082

Department/Ministry	Item	(Contractor)	
Ministry of Trade, Energy & Industrialization	Market Stalls	(Fine Tops Enterprises)	44,843,280
Ministry of Public Administration	Works	(Elisa Construction Ltd)	26,311,891
Lands, Urban & Physical Planning	Spatial Plan	(Two Ems Asso. Ltd)	<u>20,818,969</u>
			<u>493,481,678</u>

In the circumstances, the propriety of the expenditure of Kshs.493,481,678 could not be confirmed.

## 6.0 Health Sector Support Fund (HSSF).

The Ministry of Health received grants and funding amounting to Kshs.12,370,000 from DANIDA, Ministry of Health-National Government and World Health Organizations (WHO) for purpose of supporting and capacity building of Community Health and Maternal Treatments (CHMT), Health Centers and Dispensaries. However, the contract agreements and the funds policies and regulations were not availed for audit verification. Further, payment of Kshs.900,000.00 to an officer was not fully supported and accounted for. In addition, accommodation and conference facilities were single sourced and in some cases paid for in cash.

Lastly, the procurement unit was not involved hence the procurement procedures were not fully adhered to. Consequently, the project implementation and performance status could not be ascertained on the expenditure of Kshs.12,370,000.

## **7.0 Uncompleted and Stalled Projects**

### **7.1 Construction and Extension of Water Pipeline**

A firm was awarded a tender for construction of three (3) Nzowasco kiosks and extension of water pipeline in Township ward at a sum of Kshs.3,910,850.00. However, a field visit during the month of December 2015 revealed that water Kiosks were not fully utilized by the locals since the township area was already connected with water. It therefore means a clear feasibility study was not done before engaging in the project.

### **7.2 Protection of Chetambe Springs and Nakoyonjo Water Project Extension**

A firm was awarded a contract for protection of Chetambe springs and Nakoyonjo water project extension at a sum of Kshs.3,447,044.00. However, a field visit revealed that the work was not complete and the contractor was not on site despite having been paid Kshs.2,998,928.20 or 87% of the contract sum. As a result, the propriety of the expenditure of Kshs.7,357,894.00 could not be ascertained.

## **8.0 Unaccounted Grants and Expenditure – Department of Agriculture**

A Co-operative Union was given a grant of Kshs 5,000,000.00 for procurement of a coffee mill. However, the terms and conditions of the grant were not provided for audit review. Further, the mill had not been procured and expenditure returns regarding the grant were not availed for audit verification.

In addition, fuel worth Kshs.1,001,000 (**Appendix VIII**) was not accounted for as a fuel register and work ticket records were not maintained.

In the circumstances, the expenditure of Kshs.6,001,000 could be confirmed as a proper charge to Public funds.

## **9.0 Unsupported Expenditure**

Payment amounting to Kshs79,250,512 (**Appendix IX**) under various expenditure items were not supported. In the absence of supporting documents, the propriety of these expenditures could not be ascertained as a proper charge to public funds.

## **10.0 Payment for incomplete Project**

A contractor was fully paid Kshs.8,995,684.00 for the beautification of Simba Street but a physical verification revealed that the area completed was only 3600 M<sup>2</sup> instead of the contracted area of 4,557 M<sup>2</sup> thus being only 79% of the work done. The remaining area valued at approximately Kshs.1,903,471.13 is still pending. Further, a section of the beautified area had been converted into a dumping site. In view of the foregoing, the propriety of the expenditure and value for money in the transaction has not been obtained.

### 11.0 Irregular Usage of Imprest for Payments

Several imprests totaling Kshs.21,734,400.00 were used to pay for the rapid results initiative which is a garbage collection program. The imprests were used to pay for hire of garbage trucks, collection labour and protective gears. However, the original signed tender evaluation report and tender award minutes for the sourcing of the two suppliers of the trucks were not availed for audit review. The payments were made through two officers as shown below:-

Date	PV No.	Description	Payee	Amount (Kshs.)
2/25/2015	3720	Waste Management	Vincent Ongondi	2,814,100
9/25/2014	511	Waste management	Vincent Ongondi	4,887,000
12/2/2014	1444	Waste management	Vincent Ongondi	3,558,800
6/9/2015	6342	Waste management	Vincent Ongondi	4,021,500
6/12/2015	6341	Waste management	Nebert Rotich	3,226,500
6/12/2015	6341	Waste management	Nerbert Rotich	3,226,500
<b>Total</b>				<b>21,734,400</b>

In addition, returns from an advance of Kshs.2,513,500 to one Joseph Musungu vide payment voucher No.C91 revealed that Kshs.766,738 was used for single sourcing of trees for planting.

In the absence of competitive bidding and supporting documents the authenticity of the expenditure and value for money from the transactions amounting to Kshs.21,734,400 could not be ascertained.

### 12.0 Irregular Procurement of Goods and Services

During the year under review, the County Assembly procured goods and services worth Kshs.130,898,829 without competitive bidding. Quotations were used instead of open tender as per the requirements of the Public Procurement and Disposal Act, 2005 and Regulations 2006.

The goods and services irregularly procured included:-

Item	Amount (Kshs.)
Project Consultant-Perimeter wall	1,432,357
Hotel and catering services	8,431,038
Seats	5,600,000
Ipads (71) and Leather Covers	11,715,000
Assembly parking Area Constructions	11,500,000
Insurance Services (Britam and Johncele)	85,409,964
Legal fees (various Law firms)	6,810,470
<b>Total</b>	<b><u>130,898,829</u></b>

In the circumstance, the propriety and value for money in the expenditure of Kshs. 130,898,829 could not be ascertained.

### **13.0. Overpayment of Sitting Allowances to MCAs**

The County Assembly paid the maximum sitting allowance of 32 sittings per month between 1 July 2014 and 31 January 2015 instead of paying for the actual sittings hence contravening the Salaries and Remuneration Commission circular on sitting allowances. The Assembly risks loss of Kshs.10,176,400 (**Appendix X**) that has been overpaid.

### **14.0 Irregularities on Car Loan and Mortgage scheme**

The County Assembly set up car loan and mortgage scheme without agreed management control guidelines. Terms and Conditions of repayment were not clearly spelt out and adhered to.

Money was disbursed in cash to applicants instead of the vendor. Log books and titles for properties acquired under the fund were not duly executed as required. In addition, there is a huge difference between amounts recovered and disclosed in the Fund's account of Kshs.91,731,805.33 and cash balance of Kshs.26,045,000 hence an unreconciled variance of Kshs.65,469,863.96. Loans repayments by members has not been consistent as per the initial agreed and expected rates thus leading to loan arrears of Kshs 6,512,523.41 as at 30 June 2015.

Further, an amount of Kshs.26,381,100 was transferred from the loans account to the County Assembly account for operations but had not been reimbursed as at 30 June 2015.

In view of the foregoing, the accuracy, completeness and security of the car loan and mortgage scheme fund could not be ascertained.

### **15.0 Irregular Standing Imprests**

A series of deposits relating to standing imprests were made during the year totaling Kshs. 55,769,920.00 and Kshs.36,976,706.00 to the personal account of two staff members to be used for operations of the Assembly without having a fixed level of standing imprest. This is despite the County Assembly having an operation account. Further, the payment vouchers used to surrender the imprests did not go through all the payment vouchers process of examination, authorization, approval as required. In consequence, the legality and accountability of the total expenditure of Kshs.92,746,626 could not be confirmed.

### **16.0 Nugatory Public Participation Payments**

The County Assembly paid of a total Kshs.1,877,600 (**Appendix XI**) as allowances to the citizens and civil society members during public participation which contravenes



SRC Circular that public participation in a forum is a civic responsibility of each and every citizen of this country and should not attract any compensation.

In the circumstance, the County Assembly has not put in place mechanisms to recover the nugatory payments of Kshs.1,877,600.

### **17.0 Irregular End of Year Party**

The County Assembly irregularly paid Kshs.3,208,500.00 (**Appendix XII**) as allowances to MCA's and members of staff in respect to special sitting allowance and end of year party respectively.

Further, Kshs. 500,000.00 was used to procure gift vouchers for members of staff and Kshs.300,000 was used for the purchase 300 guest tags. These expenditures were neither in the budget nor in the procurement plan.

As a result, the County Assembly irregularly spent Kshs.3,208,500 which had not been recovered as at 30 June 2015.

### **18.0 Failure to Deduct and Remit Taxes**

The County Assembly failed to deduct and remit PAYE, Fringe Benefit Fund and Withholding Taxes while making payments to suppliers and professional services amounting to Kshs.30,900,745 contrary to Income Tax Act Cap.470. As a result, the County Assembly has not remitted Kshs.44,932,653 inclusive of penalties and interest of Kshs.7,578,763 and Kshs.6,453,145 respectively to the Kenya Revenue Authority.

### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the County Government of Bungoma as at 30 June 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and does not comply with the Public Financial Management Act, 2012.

### **Other Matter**

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

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

The County Government spent a total of Kshs.7,345,673,615 against a budget of Kshs.10,468,108,487 representing an under expenditure of Kshs.3,122,434,872 or 30%. Subsequently, recurrent and development expenditure was underspent by Kshs.387,383,718 or 8%, and Kshs.2,735,051,154 or 49% respectively as follows:-

<b>Description</b>	<b>Budgeted Amounts 2014/15 (Kshs.)</b>	<b>Actual Amounts (Kshs.)</b>	<b>Variance (Kshs)</b>	<b>Variance (%)</b>
Recurrent expenditure	4,900,006,210	4,512,622,492	-387,383,718	-8%
Development Expenditure	5,568,102,277	2,833,051,123	-2,735,051,154	-49%
<b>Total</b>	<b>10,468,108,487</b>	<b>7,345,673,615</b>	<b>-3,122,434,872</b>	<b>-30%</b>

The County Government failed to adhere to the approved budget ceilings by the County Assembly. There was material unexplained excess/under variation of more than 10% as analyzed in **Appendix XIII**.

Further, the budget and appropriation bill was approved late contrary to Section 131 of Public Finance Management Act, 2012. In addition, major variations were noted between the original and the final approved budget without justification and involvement of the user departments in the budget variation process.

There was also no strict adherence to the linkage between the County Integrated Development Plan (CIDP) and the approved development budget.

The County Assembly expenditure was re-allocated to purposes for which they were not budgeted for without prior approval.

The County did not therefore operate within the approved budget with the huge under expenditure.

## **1.2. Weak Budgetary Control and Performance-County Assembly**

The County Assembly did not spend according to its approved line/item allocations since funds were re-allocated to purposes for which they were not budgeted for without any indication of prior approval.

Further, funds earmarked for development during the year of Kshs.126,000,000.00 were reallocated and used under operational account of the County Assembly resulting into shifting development budget to recurrent cost. In addition, the County Assembly spent Kshs.688,440,419 against a budget of Kshs.824,604,799 resulting to an underspending of Kshs.136,164,389 or 17%.

As a result, the County Assembly did not meet its budgetary control and performance objectives.

### 1.3. Overall Revenue Performance

The County's revenue was budgeted at Kshs.10,468,108,487 against actual receipt of Kshs.7,345,673,615 representing overall under collection of Kshs.3,122,234,872 or 30% mainly due to lower receipts from the exchequer and local revenue by Kshs.2,384,899,036.00 and Kshs.554,165,152.00 respectively.

### 1.4. Under-collection of Local Revenue

Total local revenue collection target of Kshs.1,029,186,344.00 was not achieved by 39% or Kshs.396,852,368.00. Furthermore, revenues from the devolved functions and local sources were under achieved by Kshs.270,934,297.00 or 45 % and Kshs.125,918,071.00 or 29% respectively.

#### Revenue Collection Analysis

Local Revenue Sources	Budgeted Amounts 2014/15 (Kshs.)	Actual Amounts (Kshs.)	Variance (Kshs)	Variance (%)
Land Rates	49,600,000	24,642,095	(24,957,905)	-50%
Single Business Permits	120,400,000	78,957,052	(41,442,948)	-34%
Parking Fees	97,000,000	58,907,936	(38,092,064)	-39%
Cess Fees	30,000,000	34,677,127	4,677,127	16%
Building Plans Approval Fees	12,000,000	6,210,330	(5,789,670)	-48%
Market Fees	86,000,000	34,581,546	(51,418,454)	-60%
Sale of Tenders	16,022,000	5,251,297	(10,770,703)	-67%
Park Entry Fees	2,000,000	621,942	(1,378,058)	-69%
Agriculture -Mabanga, sale of fertilizers and Top dressing	17,003,283	60,257,887	43,254,604	254%
Other Miscellaneous Income	45,819,158	29,373,574	(16,445,584)	-36%
<b>Sub Total</b>	<b>430,025,283</b>	<b>304,107,212</b>	<b>(125,918,071)</b>	<b>-29%</b>
<b>Devolved Functions Revenues</b>				
Agriculture, livestock, fisheries and co-op development	22,901,595	21,569,215	(1,332,380)	-6%
Tourism, Forestry, environment and natural resource	2,000,000	732,153	(1,267,847)	-63%
Education, Science, Sports and Youth Affairs	581,900	-	(581,900)	-100%

Health	537,490,066	305,925,396	(231,564,670)	-43%
Trade, energy and industrialization, Lands, Urban and Physical Planning	20,371,500	-	(20,371,500)	-100%
County Public Service	816,000	-	(816,000)	-100%
Public Administration	15,000,000	-	(15,000,000)	-100%
<b>Sub Total</b>	<b>599,161,061</b>	<b>328,226,764</b>	<b>(270,934,297)</b>	<b>-45%</b>
<b>Total Local Revenues</b>	<b>1,029,186,344</b>	<b>632,333,976</b>	<b>(396,852,368)</b>	<b>-39%</b>

Consequently, the budget targets were not met and not all projects were implemented as planned.

### 1.5. Governors Expenditure

The Governor's office spent Kshs.212,048,884.00 against a budget of Kshs.231,924,730.00 representing an under expenditure of Kshs.19,875,846.00 or 9%. In some instances, there was over spending for as high as by 27% and under spending by 100% as follows:

Descriptions	Budgeted Amounts 2014/15	Actual Amounts (Kshs.)	Variance (Kshs)	Variance (%)
Basic salary- Permanent Employees & Personal Allowance -Paid as Part of Salary & insurance	86,198,730.00	96,978,981	-10,780,251	-13%
Utilities Supplies and Services	7,872,488.00	1,820,810	6,051,678	77%
Communication Supplies and Services	1,500,000.00	1,905,957	-405,957	-27%
Domestic Travel and Subsistence, and Other Transportation Costs	21,500,000	21,349,019	150,981	1%
Foreign Travel and Subsistence, and other transportation costs	5,200,000	5,518,400	-318,400	-6%
Printing, Advertising and Information Supplies and Services	21,400,000	16,536,678	4,863,322	23%
Rentals of Produced Assets	12,000,000	10,283,320	1,716,680	14%
Training Expenses	6,856,470	6,800,958	55,512	1%
Hospitality Supplies and Services	13,000,000	13,255,192	-255,192	-2%
Specialized Materials and Supplies	1,897,042	1,288,709	608,333	32%

Office and General Supplies and Services	3,500,000	1,760,455	1,739,545	50%
Fuel Oil and Lubricants	9,800,000	8,621,488	1,178,512	12%
Other Operating Expenses	10,000,000	5,042,720	4,957,280	50%
Routine Maintenance - Vehicles and Other Transport Equipment	4,145,267	3,852,691	292,576	7%
Routine Maintenance - Other Assets	3,054,733	1,266,500	1,788,233	59%
Purchase of Office Furniture and General Equipment	4,000,000	2,915,346	1,084,654	27%
Pre-Feasibility And Appraisal Studies	3,000,000	3,304,000	-304,000	-10%
Research	5,000,000	5,447,660	-447,660	-9%
<b>Sub Total Recurrent</b>	<b>219,924,730</b>	<b>207,948,884</b>	<b>11,975,846</b>	<b>5%</b>
<b>DEVELOPMENT PROJECTS</b>				
Residential buildings	6,000,000	4,100,000	1,900,000	32%
Purchase of exchanges and other communication equipment	5,000,000	-	5,000,000	100%
Other infrastructure and civil works	1,000,000	-	1,000,000	100%
<b>Sub Total Development</b>	<b>12,000,000</b>	<b>4,100,000</b>	<b>7,900,000</b>	<b>66%</b>
<b>GRAND TOTALS</b>	<b>231,924,730</b>	<b>212,048,884</b>	<b>19,875,846</b>	<b>9%</b>

## 1.6. Project Implementation Performance

The County was to implement a total of 161 projects/programmes by different ministries and departments during the financial year. However, analysis indicates that 10 or 6 % of projects had not started, 47 or 29% of the projects were still on going and only 104 or 65% of the projects had been completed as at the time of audit in December 2015.

Total project allocations of the County's 161 projects/programmes indicate that the Ministry of Roads and Public works had the largest share of 66 projects while Ministry of Gender and Culture had one (1) project.

The Ministry of Agriculture, Livestock, Fisheries, Irrigation and Cooperatives had the highest completed project ratio per allocation at 91%. However, Ministry of Roads and Public works had the highest number of most completed projects at 40 projects. Ministry of Education, Youths and Sports had not completed even a single project of the total County's completed projects of 104. (Table below)



Consequently the County Government did not achieve its project completion target as at 30 June 2015.

Ministries/ Departments	Budgeted projects/programmes		Actual/Implemented Projects			% of completed project
	Contract Sum Kshs.	No. of projects	Not Started	Ongoing	Completed	
Ministry of Lands, Urban and Physical Planning	250,817,064	22	0	6	16	73%
Ministry of Trade, Energy and Industrialization	81,182,484	4	0	2	2	50%
Ministry of Housing and Sanitation	9,373,146	5	0	2	3	60%
Ministry of Roads and Public works	1,392,352,054	66	5	21	40	61%
Ministry of Education, Youths and Sports	249,332,013	9	1	8	0	0%
Ministry of Tourism, Environment, Natural Resources and Water	74,196,165	14	4	3	7	50%
Ministry of Health	180,872,344	5	0	1	4	80%
Ministry of Gender and Culture	7,733,500	1	0	0	1	100%
Department of Finance and Economic Planning	21,053,977	1	0	1	0	0%
Ministry of Agriculture, Livestock, Fisheries, Irrigation and Cooperatives	376,764,756	34	0	3	31	91%
<b>TOTAL</b>	<b>2,643,677,504</b>	<b>161</b>	<b>10</b>	<b>47</b>	<b>104</b>	<b>65%</b>
<b>% implementation over Budgeted projects</b>		<b>100%</b>	<b>6%</b>	<b>29%</b>	<b>65%</b>	<b>65%</b>

## 2.0 Personnel Costs

### 2.1 Human Resource Plan and Approved Staff Establishment.

The County Public Service Board has not developed Human Resource Plan and authorized staff establishment for planning purposes. Hence, it was not possible to determine the exact number of employees in the County and how they are distributed per department.

The county staff optimal level and deficiencies could therefore not be ascertained.

## 2.2 Irregularities on Casual employees Records

- (a) A number of casual employees have been engaged as casuals for more than three months which is against the Employment Act 2007.
- (b) The list provided by the payroll department does not tally with the various ministries list hence the number of the casuals engaged could not be ascertained.
- (c) The criterion of the wages paid to casual employees was not provided and a policy has not been put in place.

## 2.3 Irregular Appointments and Promotions

**2.3.1** An officer was recruited as a Human Resource Management Officer Job group Q and appointed on 25 Nov 2013 by the County Public Service Board. Through a letter dated 4 April 2014 from the County Secretary, he was appointed as the Head of County Human Resource Management Job group R. The appointment was back dated to 1 December 2013 without Board authority. It is the County Public Service Board that has the powers to appoint or promote any employee.

**2.3.2** Another officer was appointed as Head of County Records Management by the County Public Service Board on 25/11/2013 in Job Group M. A letter from the County Secretary appointed her to Job Group R on 9/4/2014 and was back dated to 1 December 2013. However, it is the County Public Service Board which have the powers to appoint or promote any employee.

## 3.0 Internal Control Environment

The County Government either lacked or did not have comprehensive approved policies and operating procedures. However it is notable that some were still in draft form as shown below.

No	Policy/Operating procedures	Status
1	Information Technology.	Draft
2	Annual Human Resource Management plan	None
3	Operational Financial Management Policy	None
4	Operational procurement and stores management	None
5	File Management Policy	None
	Operational policy on Hire of County Assets/	
6	Machinery	None
7	Approved staff establishment	None
8	Risk Management Policy	None

This may impact on data integrity inaccuracies or fraud in the County Government.

My opinion is not qualified in respect of these matters.



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

**Nairobi**

**29 September 2016**