

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL OPERATIONS OF  
COUNTY ASSEMBLY OF NYANDARUA**

**FOR THE PERIOD  
1 JULY 2014 TO 30 JUNE 2015**

## Table of Contents

EXECUTIVE SUMMARY .....	1
1.0 Background Information.....	1
1.1 Introduction.....	1
1.2 Terms of Reference .....	1
1.3 Methodology .....	1
1.4. Scope and Determination of Responsibilities .....	2
KEY AUDIT FINDINGS.....	2
2.0. Budget Performance.....	2
2.1 Unapproved Recurrent over expenditure .....	2
2.1.2 Over/Under expenditure .....	3
2.1.3 Unimplemented Development Projects.....	3
2.2 Car and Mortgage Loan Scheme.....	3
2.3 Sitting Allowances .....	4
2.4 Domestic Travel Allowances .....	4
2.5 Unsupported Foreign Travel.....	5
2.6 Construction of the County Assembly Chambers .....	5
2.6.1 Delay in Completion of the Chambers .....	5
2.6.2 Failure to Withhold 6% VAT. ....	6
2.7 Outstanding Imprests.....	6
2.8 Human Resource.....	6
2.9 Unaccounted for Fuel .....	7
2.10 Unaccounted for Ward Offices Expenses .....	7
2.11 Unaccounted for Catering Services Expenditure .....	8
2.12 Unbudgeted Subscription Fees .....	8
2.13 Pending Bills.....	8
DETAILED FINDINGS .....	9
3.0. Budget Performance.....	9
3.1 Unapproved Recurrent over expenditure .....	9
3.2 Over/Under Expenditure.....	10
3.3 Unimplemented Development Projects.....	11
4.0 Unsecured Car and Mortgage Loans .....	12
5.0 Sitting Allowances .....	12
6.0 Domestic Travel Allowances .....	13
6.1 Budget Overrun.....	13
6.2 Doubtful Domestic Travel Expenditure.....	14
7.0 Unsupported Foreign Travel.....	14
8.0 Construction of the County Assembly Chambers .....	15
8.1 Delay in Completion of the Chambers .....	15

8.2	Failure to Withhold 6% VAT .....	16
9.0	Outstanding Imprests.....	17
10.0	Human Resource.....	17
10.1	Lack of Staff Establishment.....	17
10.2	Recruitment of Ward Office Staff.....	17
11.0	Unaccounted for Fuel.....	18
12.0	Unaccounted for Ward Offices Expenses .....	19
13.0	Unaccounted for Catering Services Expenditure.....	19
14.0	Unbudgeted Subscription Fees.....	19
15.0	Pending Bills .....	20
16.0	Unresolved Prior Year Audit Matters.....	20
16.1	Irregular procurement and Administration of Car Loan and Mortgage.....	20
16.2	Irregular Procurement- Foreign Travel Logistics Services Allowances .....	20
16.3	Irregular Procurement of Consultancy Services .....	21
16.4	Unrecorded and Unsurrendered Imprest .....	21
16.5	Irregular Ward Offices Expenditure.....	21
16.6	Un-procedural variation of bill of Quantities assembly building.....	21
16.7	Untaxed Allowances to County Assembly Service Board (CASB).....	22
16.8	Excessive expenditure on Subsistence Allowances.....	22
16.9	Imprudent Use of Public Resources .....	22
16.10	Irregular Payment of Sitting Allowances to Members Kisumu.....	23
16.11	Ad-hoc Committee.....	23
16.12	Irregular Sitting Allowances for Agriculture Committee .....	23
16.13	Irregular Subsistence Allowances for Implementation Committee.....	23
16.14	Irregular Expenditure for Attending KICOSCA Games in Nairobi .....	24
16.15	Unsupported Overtime Allowances.....	24
16.16	Allowances Paid to Members of the County Assembly .....	24
	Conclusion.....	24

# **REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF NYANDARUA FOR THE PERIOD 01 JULY 2014 TO 30 JUNE 2015**

---

## **EXECUTIVE SUMMARY**

### **Background Information**

The Constitution of Kenya, 2010 under Article 176, created the County Government which consists of the County Assembly and the County Executive. The County Assembly which is the Legislative arm of the County Government consists of the Speaker and Members of County Assembly (elected and nominated). The County Assembly Nyandarua which is domiciled in Ol Kalou Town has twenty five (25) elected and sixteen (16) nominated Members, all totaling to forty one (41).

### **Introduction**

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

### **Terms of Reference**

The Office of the Auditor-General is an independent office mandated by the Constitution under Article 229 to audit the accounts of the National and County Governments. In this regard, the office planned a management and financial operations audit of the County Assembly of Nyandarua for the period 01 July 2014 to 30 June 2015 with the following audit objectives:

- Assessment of controls over management of cash and bank accounts.
- Assessment of controls over management of assets of the County Assembly.
- Assessment of compliance with the procurement laws in process of acquisition of goods or services
- Assessment of compliance with Public Finance Management Act, 2012 in the utilization of public funds.
- Compliance with other relevant laws and regulations
- To ascertain the integrity and reliability of financial and other information used by management in the utilization of public funds.
- To confirm that all necessary supporting documents, records, and accounts have been kept in respect of all transactions.

### **Methodology**

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

- Interviews with key officers at the County Assembly offices.

- Review of applicable legislation and regulations.
- Examination of payment vouchers and support documents, cashbooks, vote books, bank statements, bank slips, miscellaneous receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings where there were resolutions regarding utilization of public funds.
- Physical inspection and verifications
- Observation of processes and activities.
- Review of documents used by management to monitor use of funds.

## Scope and Determination of Responsibilities

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

The matters mentioned in this report are therefore those that were identified through tests considered necessary for the purpose of achieving the audit objectives and it is possible that there might be other matters and/or weaknesses that were not identified.

The formulation and maintenance of effective control measures and compliance with laws and regulations is the responsibility of the management. Our responsibility is to report on the weaknesses and non-compliance with laws and regulations identified in the course of the audit.

The sections below highlight key audit findings noted during the audit of the financial operations for the year ended 30 June 2015.

## KEY AUDIT FINDINGS

### 1.0. Budget Performance

#### 1.1 Unapproved Recurrent Over Expenditure

The approved final budget for the County Assembly was Kshs.594,017,261 comprising of Kshs.478,112,475 (81%) for recurrent expenditure and Kshs.115,904,476 (19%) for development expenditure as follows:

Item	Approved Budget 2014/2015	Actual Expenditure 2014/2015	Actual as % of Budget	Actual as % of Total Expenditure
Development	115,904,786	81,542,590	71%	14%
Recurrent	478,112,475	493,542,273	103%	86%
<b>Total</b>	<b>594,017,261</b>	<b>575,084,863</b>	<b>97%</b>	<b>100%</b>

The following was noted:

The actual development was Kshs.81,542,590 representing 71% against a budget of 115,904,786 while actual recurrent expenditure was Kshs.493,542,273 against a budget of Kshs.478,112,475 resulting to an over expenditure of Kshs.15,429,798 or 3% above the approved budget. The over expenditure was not regularized through supplementary budget. It is evident also that funds meant for development votes were irregularly utilized on recurrent items contrary to section 154(1) of the PFM Act, 2012.

## **1.2 Over/Under expenditure**

An analysis of actual expenditure vs approved budget allocations of some items revealed over/under expenditure as follows:

- i.) The County Assembly over spent on eight (8) items and underspent on twenty four (24) items.
- ii.) The actual expenditure shows that Members of County Assembly (MCAs) remuneration, sitting allowance, medical insurance and travel & subsistence allowances had the highest over expenditure of Kshs.5,210,462, Kshs.7,190,582, Kshs.2,349,295 and Kshs.9,296, respectively. No explanation was provided for the material variations and neither were reallocations regularized through a supplementary budget before the end of the financial year.

## **1.3 Unimplemented Development Projects**

The County Assembly spent Kshs.81,542,590 on two capital projects against the approved budget of Kshs.115,904,786 allocated for seven (7) projects. Out of the actual capital expenditure of Kshs.81,502,59, funds amounting to Kshs.81,345,640 were used on construction of assembly chambers while the balance of Kshs.196,950 was charged on health club item. No reason was provided for failure to implement the seven projects as budgeted.

## **2.0 Car and Mortgage Loan Scheme**

As previously reported in 2013/2014 financial year, the County Assembly for unexplained reasons entered into an agreement in March 2014 through single sourcing of services with Chase Bank (in receivership) to manage its car and mortgage fund. Nyandarua County Assembly Service Board (CASB) entered into a Memorandum of Understanding with Chase Bank to manage the loan fund. However, out of forty two (42) MCAs who had obtained both the car and mortgage loans, thirty four (34) members had not provided log books and title deeds as security for the loans taken. Prudent management of the County Assembly Scheme Fund is doubtful given the fact that the bank has also been placed under a receiver manager

by the Central Bank of Kenya. Hence, the County Assembly may not be able to recover the debts in case of default by the members.

### **3.0 Sitting Allowances**

#### **(a) Over-Expenditure on Sitting Allowances**

The County Assembly had an approved budget of Kshs.51,248,000 for MCAs sitting allowances, while actual expenditure for the year totalled Kshs.58,438,582. During the year, the assembly thus over spent by Kshs.7,190,582 in excess of the budgeted amount. The over expenditure was not regularized through a supplementary budget contrary to PFM, Act, 2012.

Further, the following weaknesses were noted:

- (i) In some occasions, select committees deliberately split meetings into two sittings in a day which lasted for only 45 minutes for the purpose of attaining the maximum sittings of eight (8) per week in order to earn sitting allowances.
- (ii) Plenary attendance register for the period starting 1 July 2014 to 15 September 2014 was not made available for audit review. This was despite the fact that the County Assembly was in session. Therefore, expenditure incurred during this period could not be confirmed.

#### **(b) Sitting Allowances for County Assembly Service Board (CASB)**

The Board consists of five members comprising the speaker, two MCA's, the clerk and one member from the public. During the year under review, the Board incurred expenditure of Kshs.7,824,000 as sitting allowances. The expenditure is excessive considering the fact that four of the members are also members of various committees of the assembly where they draw sitting allowances.

Consequently, the propriety of expenditure on sitting allowances amounting to Kshs.7,824,000 could not be confirmed.

### **4.0 Domestic Travel Allowances**

#### **(a) Budget Overrun**

During the year under review, the County Assembly had budgeted an amount of Kshs.50,000,000 for domestic travel and subsistence allowances. However, a total of Kshs.59,296,560 was spent on this item resulting to an over expenditure of Kshs.9,296,560.00 above the budget ceiling. No supplementary budget and authority was provided for the over expenditure and therefore this constitutes an irregular charge to public funds.

## **(b) Doubtful Domestic Travel Expenditure**

A review of records in respect of domestic travel expenditure revealed doubtful expenditure amounting to Kshs.5,296,900 paid during the year to staff and MCAs. Some of the irregularities noted include overlap of dates of travel, expenditure on weekends and insufficient documentation attached to the vouchers. Further, a member of staff was irregularly paid accommodation allowance amounting to Kshs.50,400 for attending a fully paid Commission on Revenue Allocation (CRA) retreat in Maanzoni Lodge held between 1 March to 3 March 2015.

Consequently, it has not been possible to confirm the validity of expenditure on domestic travel amounting to Kshs.5,296,900.

### **5.0 Unsupported Foreign Travel**

Examination of expenditure records for the year under review, revealed that the County Assembly paid a sum of Kshs.1,316,544 to MCAs while accompanying Teachers/ Advisory Centers (TAC) Tutors on Education Tour to Rwanda from 15 to 25 September, 2014.

Records indicate that members travelled by road on a hired bus at a cost of Kshs.240,000. However, no travel documents or copies of the MCAs passports were attached to the payment vouchers to confirm that the MCA's actually travelled and crossed border to Rwanda on the stated dates.

Further, the expenditure was irregularly charged to sub-vote number 2210301- Domestic travel & subsistence instead of 2210401- Foreign Travel and Subsistence Costs. No authority for the reallocation of funds from the County Treasury was made available for audit review.

Consequently, it was not possible to ascertain whether the subsistence allowance paid was incurred on official duties.

### **6.0 Construction of the County Assembly Chambers**

#### **6.1 Delay in Completion of the Chambers**

During the year under audit, the County Assembly competitively awarded a contract for construction of the second phase of the chambers where a total of Kshs.106,000,000 had been budgeted for the project. The first phase of the project at a price of Kshs.22,960,205 was done in 2013/2014 financial year.

The procurement process for the second phase was carried out through open tender and awarded to the most responsive bidder at a cost of Kshs.104,796,920.00. The contract was signed on 23 January 2015. However, the following anomalies were noted;

- i.) No timelines were indicated in the contract to indicate the various milestones to be achieved in the contract contrary to work program on conditions of contract.



- ii.) No performance security bond was provided by the winning bidder as security for contract performance before the contract was signed.
- iii.) Records of site meeting held on 4 June, 2015 indicates the contract period was for 42 weeks, commencing on 27 January 2015 with completion date of 11 December 2015. However, as at the time of this audit, in April 2016, the construction was still incomplete and was behind schedule by two months.
- iv.) By the time of audit, Kshs.102,182,861 (97.5%) had been paid to the contractor out of the contract sum of Kshs.104,796,920. However, the chambers was estimated to be at about 80% completion level. The payments made appear to include irregular payments for works not done and the balance of funds of Kshs.2,614,000 may not be enough to complete the remaining works on the building.

## **6.2 Failure to Withhold 6% VAT**

During the year, the County Assembly made payments to M/s Zaina Construction Company Limited totaling to Kshs.69,322,635 for the construction of the County Assembly chambers. However, no evidence was provided indicating that 6% withholding VAT amounting to Kshs.4,161,759 was retained and remitted to KRA as required. The unremitted VAT constitute loss of government revenue.

## **7.0 Outstanding Imprests**

Members of the county assembly were issued with imprests to run their respective ward offices. It was however noted that imprests amounting to Kshs.12,338,922 had some dated back to June 2014, but had not been surrendered on or by 30 June 2015. Further, County Assembly staff had outstanding imprests amounting to Kshs.325,658 as at 30 June 2015.

No reason was provided for the delay in accounting for the imprests. In addition, an imprest register was not maintained to record and monitor the issuance and surrender of the imprests.

The County Assembly is in breach of financial regulations regarding issuance and surrender of imprest. The unaccounted for funds may also lead to loss of public funds.

## **8.0 Human Resource**

### **(a) Lack of Staff Establishment**

As reported in 2013/2014 financial year, approved staff establishment was not made available for audit review and therefore the basis of recruitment of twenty two (22)

new staff was not explained. In absence of staff establishment, over employment may occur which will adversely affect the budget, staff morale and service delivery.

### **(b) Recruitment of Ward Office Staff**

Records indicate that each of the twenty four (24) MCAs employed three (3) ward staff numbering seventy two (72) to work on contract terms in the ward offices contrary to section 12 (7) (b) of the County Government Act, 2012 which bestows the responsibility of recruitment of County Assembly staff to the County Assembly Service Board. Further, job descriptions for the hired staff was not clearly defined. Available records indicate that the three staff comprising of personal assistant, secretary and security guard were paid monthly salary of Kshs.15,000, Kshs.11,000 and Kshs.8,000 respectively translating to a total of Kshs.12,096,000 per annum for the assembly. The propriety of the expenditure incurred during the year on ward office operations could not be confirmed.

### **9.0 Unaccounted for Fuel**

Examination of expenditure records revealed that the County Assembly paid a sum of Kshs.500,000 to M/s Ol'kalou Enterprises being payment for supply of undisclosed quantity and type of fuel for vehicles and charged to account No. 2211201- refined oil and lubricants. The following was however noted:

- i. The payment voucher was not supported with the relevant invoice, delivery notes, forms S11 and S13 and detail orders. Evidently, the supplies were paid for in advance without indicating in the LPO, the type and quantity of fuel required. No fuel register was made available for audit review to account for the fuel delivery and usage.
- ii. The Assembly majority leader has been assigned official vehicle registration number 18CG 043A which is used on full time basis contrary to regulations on use of government motor vehicles. Work ticket for the vehicle was also not made available for audit review.

In absence of proper fuel records, accountability of the above funds could not be confirmed.

### **10.0 Unaccounted for Ward Offices Expenses**

A review of payments vouchers for the County Assembly revealed that in September 2014 an amount of Kshs.44,500 was paid to each of the twenty five (25) ward office staff all amounting to Kshs.1,112,500 for unspecified ward office expenses and charged to major roads and advertising, awareness and publicity campaigns vote. The purpose of the payment however, was not indicated. Further, payment vouchers in respect of the expenditure were not supported with receipts and other expenditure vouchers contrary to the government financial regulations and procedures. It was noted that, the payment was directly expensed instead of being recorded as imprests

to be accounted for later. No measures appear to have been taken by the accounting officer to ensure accountability of this amount.

In the absence of expenditure documents, it was not possible to confirm that the expenditure was incurred on the intended purpose.

### **11.0 Unaccounted for Catering Services Expenditure**

An amount of Kshs.100,000.00 was paid on 30 September 2014 to a staff member being temporary imprest to cater for the hire, lunch and refreshments during public participation of the Finance Bill on an unspecified date and venue. However, the payment voucher was not supported with any expenditure documents including invoices, receipts, and a signed list as acknowledgement of money received and therefore it has not been possible to confirm the propriety and accountability of the funds.

### **12.0 Unbudgeted Subscription Fees**

The County Assembly spent an amount of Kshs.800,000 towards payment of annual subscription for the County Assembly Forum and to the Society of Clerks. The payments were made on diverse dates during the year. However, the payment was not budgeted for in the approved budget. No reason was provided for the irregularity and failure to include the expenditure in a supplementary budget.

### **13.0 Pending Bills**

Records maintained by the County Assembly indicated that unpaid bills had accumulated to Kshs.50,329,095 as at 30 June 2015. The debts includes subsistence allowance claims by MCA's and staff of Kshs.4,823,700 and Kshs.7,180,736 respectively and the balance of Kshs.38,324,659 owed to general suppliers of goods and services. However, the amount of Kshs.38,324,659 was not supported with relevant invoices, contract agreements and detailed list of creditors. Creditors ledger was also not maintained to record the debts.

The accuracy and propriety of the pending bills of Kshs.50,329,095 as at 30 June 2015 therefore could not be ascertained. In addition, carrying bills forward distorts the budget for the subsequent year in which the bills will be settled and charged.



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

**Nairobi**

**28 September 2016**

## DETAILED AUDIT REPORT ON THE FINANCIAL OPERATIONS OF COUNTY ASSEMBLY OF NYANDARUA FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015

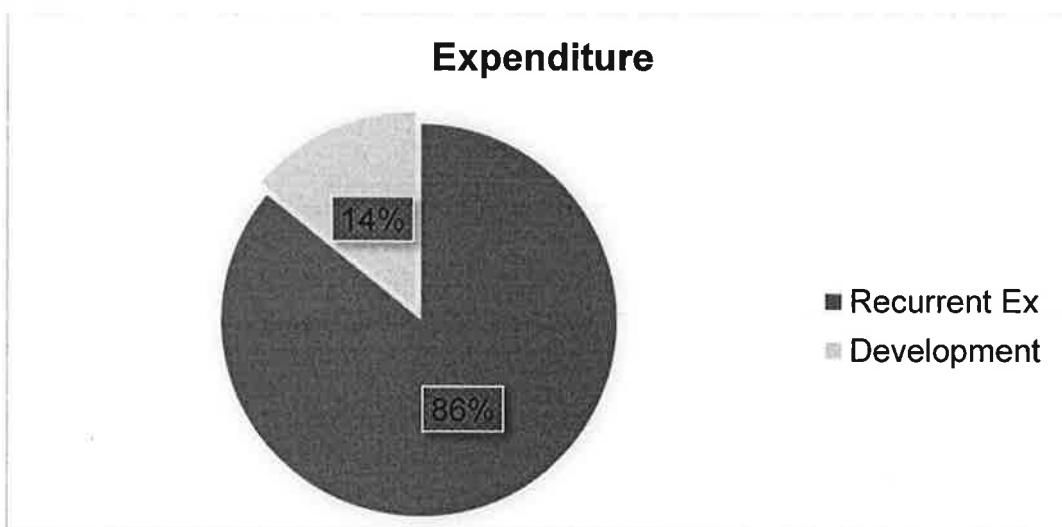
### DETAILED FINDINGS

#### 1.0. Budget Performance

##### 1.1 Unapproved Recurrent Over Expenditure

The approved final budget for the County Assembly was Kshs.594,017,261 comprising of Kshs.478,112,475 (81%) allocation for recurrent expenditure and Kshs.115,904,476(19%) for development expenditure as follows:

Item	Budget allocation 2014/2015	Actual 2014/2015	Actual as % of Budget	Actual as % of Total Expenditure
Development	115,904,786	81,542,590	71%	14%
Recurrent	478,112,475	493,542,273	103%	86%
<b>Total</b>	<b>594,017,261</b>	<b>575,084,863</b>	<b>97%</b>	<b>100%</b>



The following were noted:

The actual development vote was Kshs.81,542,590 representing 71% against a budget of Kshs.115,904,786 while actual recurrent expenditure was Kshs.493,542,273 against budget of Kshs.478,112,475 resulting to an over expenditure of Kshs.15,429,798 or 3% above the approved budget. The over expenditure was not regularized through supplementary budget. It is evident also that

funds meant for development votes was irregularly utilized on recurrent items contrary to section 154(1) of the PFM Act, 2012.

## 1.2 Over/Under Expenditure

An analysis of actual expenditure vs approved budget allocations of some items revealed over/under expenditure as follows:

Items	Approved Budget	Actual Expenditure	Over Expenses	Under Expenses
Development Vote	Kshs.	Kshs.	Kshs.	Kshs.
Quarterly Review of Budget Performance	4,500,000	-		4,500,000
Development of Departmental and review Plans	1,000,000	-		1,000,000
Budget Analysis Empowerment workshop	1,050,000	-		1,050,000
Monitoring and Evaluation of projects (monthly and quarterly basis)	500,000	-		500,000
Development of Social/ Economic County Assembly comprehensive Data base	5,050,000	-		5,050,000
Construction of one Health Club	3,304,786	196,950		3,107,836
Construction of a Chamber	106,000,000	81,345,640		24,654,360
<b>Recurrent Vote</b>				
MCAs Remuneration and Allowances	112,140,396	117,350,858	5,210,462	
Airtime -MCAs	2,620,000	2,625,000	5,000	
Sitting Allowances- MCAs	51,248,000	58,438,582	7,190,582	
County Assembly Service Board-Sitting Allowances	7,824,000	7,824,000		
Staff Salaries	38,001,139	37,587,554		413,585
Staff allowances	22,103,600	22,091,822		11,778
Staff pension contributions	5,245,928	5,262,928	17,000	
Training, Exams and Seminars	4,000,000	4,000,000		
Medical Insurance Cover	17,200,000	19,749,295	2,549,295	
General office supplies	2,472,000	2,472,000		
Supply of Clothing and Uniforms	860,500	864,325	3,825	
Hospitality and entertainment	1,601,470	1,591,139		10,331
Books, newspapers and advertising	7,545,000	5,574,505		1,970,495
Legal Fees	700,000	579,405		120,595
Fuel, Oil and Lubricants	3,350,000	3,135,562		214,438
Computer Programming and Systems Support	2,050,000	2,046,882		3,118
Group Personal Insurance Policy	1,500,000	1,500,000		
Vehicles Insurance Policies	1,820,000	1,804,550		15,450
Electricity and Water Bills	100,000	139,518	39,518	

Lease of Chamber and Offices	913,715	876,113		37,602
Vehicles repair and maintenances	1,200,000	1,200,000		
Supply of Computers, Laptops, Office Equipment and Printers	2,300,000	2,300,000		
Vehicles	5,300,000	4,986,780		313,220
Furniture and Fittings	4,100,000	3,613,229		486,771
Hansard and Electronic Voting Equipment	322,035	322,035		
Provision of mortgage	79,000,000	74,000,000		5,000,000
Assembly Proceedings Live Coverage (Four sessions per week)	400,000	258,010		141,990
Social Services	2,152,980	2,146,240		6,740
Representation at ward level	18,400,000	18,400,000		
Travelling and Subsistence Allowances	50,000,000	59,296,560	9,296,560	
Refund for Transport	1,736,000	1,736,000		
Foreign Education Tours	3,500,000	3,479,801		20,199
Quarterly Review of Budget Performance	1,000,000	1,000,000		
Development of Departmental and review Plans (six ,quarterly departmental plans and reviews)	1,000,000	1,000,000		
Budget Analysis Empowerment workshop	1,050,000	1,040,341		9,659
Development of Social/ Economic County Assembly one comprehensive Data base	1,950,000	1,950,000		
Induction Workshops, Seminars and Workshops	20,365,190	20,360,657		4,533

The above analysis revealed the following:

- (i) The County Assembly over spent on eight (8) items and underspent on twenty four (24) items.
- (iii) The expenditure shows that Members of County Assembly (MCAs) remuneration, sitting allowance, Medical insurance and travel & subsistence allowances had the highest over expenditure of Kshs.5,210,462, Kshs.7,190,582, Kshs.2,349,295 and Kshs.9,296,560 respectively. No explanation was provided for the material variations and neither were reallocations regularized through a supplementary budget before the end of the financial year.

### 1.3 Unimplemented Development Projects

The County Assembly spent Kshs.81,542,590 on two capital projects against the approved budget of Kshs.115,904,786 allocated for seven (7) projects. The bulk of the funds amounting to Kshs.81,345,640 was used on construction of assembly chambers while the balance of Kshs.196,950 was charged on health club item. No reason was provided for failure to implement the projects as budgeted.

## **Recommendation**

The County Assembly should ensure that projects are implemented as per the approved budget.

## **2.0 Unsecured Car and Mortgage Loans**

As previously reported in 2013/2014 financial year, the County Assembly for unexplained reasons entered into an agreement in March 2014 through single sourcing of services with Chase Bank to manage its car and mortgage fund. Examination of loans and mortgage scheme records further revealed that the Nyandarua County Assembly Service Board (NCASB) entered into a Memorandum of Understanding with Chase Bank to manage the loan fund. Under this M.O.U Nyandarua County Assembly was to deposit Kshs.210,000,000 to the Bank in two installments to enable advancing of loans to the members set at Kshs.2,000,000 and Kshs.3,000,000 for car loan and mortgage respectively per MCA. It was noted that out of the total loans advanced of Kshs.165,133,428, an amount of Kshs.94,375,877 was still outstanding as at 30 September, 2015. However, out of forty two (42) Members of the County Assembly (MCAs) who had obtained both the car and mortgage loan, thirty four (34) of them had not provided log books and title deeds as security for the loans taken. Hence, the County Assembly may not be able to recover the debts in case of default by the members.

## **Recommendation**

The management should adhere to the regulations governing the car and mortgage scheme. Also, it should compel members to submit security documents to the county assembly for registration and custody until the loans are fully paid.

## **3.0 Sitting Allowances**

### **(a) Over Expenditure on Sitting Allowances**

The County Assembly had approved budget of Kshs.51,248,000 for MCAs sitting allowances, while actual expenditure for the year total to Kshs.58,438,582 for the year ended 30 June 2015. The Assembly thus over spent by Kshs.7,190,582 in excess of the budgeted amount during the financial year. The over expenditure was not regularized through a supplementary budget and no approval was sought from the County Treasury for the over expenditure contrary to PFM, Act, 2012.

Further, the following weaknesses were noted:

- (i) In some occasions, select committees deliberately split meetings to two in a day which lasted for a maximum of 45 minutes only for the purpose of attaining the maximum sittings of eight (8) per week to earn sitting allowances. Some of the meetings are as below:

<b>Date</b>	<b>1<sup>st</sup> meeting</b>	<b>2<sup>nd</sup> meeting</b>
21/10/2014	10.30-1120 am	12.12.45 pm
23/10/2014	10.30-11.15am	11.30-12.15 pm
16/9/2014	10.00 am	11.15 am
9/9/2014	10.00 am	11.10 am
4/9/2014	10.50 am	11.50 am
3/9/2014	10.50 am	11.52 am
15/8/2014	10.00 am	10.40 am

- (ii) Plenary attendance register for the period starting 1 July 2014 to 15 September 2014 was not made available for audit review. This was despite the fact that the County Assembly was in session. Therefore, expenditure incurred during this period could not be confirmed.

### **(b) Sitting Allowances for County Assembly Service Board**

The Board consists of five members comprising the speaker, two MCA's, the clerk and one member from the public. During the year under review, the Board incurred expenditure of Kshs.7,824,000 as sitting allowances. The expenditure is excessive considering the fact that four of the members also draw sitting allowances being members of the various committees of the assembly. A total of Kshs.1,094,000 was also paid as accommodation allowance to a board member who is not a full time board member as a consequence of excessive meetings held. Uncontrolled CASB meetings resulted in excessive allowances held during the year.

The propriety on sitting allowances expenditure incurred during the year could not be confirmed.

### **Recommendations**

Irregular payments should be recovered from the persons concerned. The Assembly should also arrange meetings in a more economical way in order to reduce the frequency of meetings to enhance proper accountability. An attendance register should be kept for all meetings held in plenary and committee meetings.

## **4.0 Domestic Travel Allowances**

### **4.1 Budget Overrun**

During the year under review, the County Assembly had budgeted an amount of Kshs.50,000,000 for domestic travel and subsistence allowances. However, a total of Kshs.59,296,560 was spent resulting to over expenditure of Kshs.9,296,560 above the budget ceiling. No supplementary budget and authority was provided for the over expenditure and therefore this constitutes an irregular charge to public funds.



## Recommendations

Budget ceilings should be observed and the accounting officer should ensure that controls are put in place to manage travel expenses. Re-allocation of funds should also be regularized through a supplementary budget.

### 4.2 Doubtful Domestic Travel Expenditure

A review of records in respect of domestic travel expenditure revealed doubtful expenditure amounting to Kshs.5,296,900 paid during the year to staff and members of the County Assembly. Some of the irregularities noted include;

- (i) Overlap of dates of travel, payments and insufficient documentation attached to the vouchers.
- (ii) Most of the subsistence allowances claims were incurred over the weekends raising doubts on the authenticity of the expenditure. List of doubtful allowances is given in **Appendix I**.
- (iii) A member of staff was paid accommodation allowance amounting to Kshs.50,400 for attending a fully paid for Commission on Revenue Allocation (CRA) retreat in Maanzoni Lodge held as from (1 March, 2015 to 3 March 2015). Invitation letter indicated that the commission was to meet full board accommodation costs and therefore the amount paid to the staff by the County Assembly amounts to double payment and irregular.

Consequently, it has not been possible to confirm expenditure on domestic travel amounting to Kshs.5,296,900 could not be confirmed as proper charge to public funds.

## Recommendations

- The accounting officer should ensure that all payments are lawful and used for the intended purposes and properly accounted for.
- The management should review subsistence allowance and recover irregular payments from the concerned staff and members of the County Assembly.

### 5.0 Unsupported Foreign Travel

Examination of the payment vouchers for the year under review revealed that the County Assembly paid a sum of Kshs.1,316,544 to members of the County Assembly while accompanying Teachers/ Advisory Centers (TAC) Tutors on Education Tour to Rwanda from (15 September, 2014 to 25 September, 2014). The payment was made in two (2) installments vide cheque No. 000231 of 12/9/2014 for Kshs.987,408 and cheque No. 000232 of 12/9/2014 for Kshs.329,136.

Details of the expenditure is given below:

	Name	No. of Days	Per Diem	Transport	Total
			Kshs.	Kshs.	Kshs.
1	James Kiiru Gachomba	12	269,136	60,000	329,136
2	Peter N. Kairu	12	269,136	60,000	329,136
3	Joshua Muriithi Muigai	12	261,136	60,000	329,136
4	David Gitau Ngigi	12	261,136	60,000	329,136
	<b>Total</b>		<b>1,076,544</b>	<b>240,000</b>	<b>1,316,544</b>

Records indicate that members travelled by road on a hired bus at a cost of Kshs.240,000. However, no travel documents and copies of the MCAs passports were attached to the payment vouchers confirming that the MCA's actually travelled and crossed border to Rwanda on the stated dates.

Further, the expenditure was irregularly charged to sub-vote number 2210301- Domestic travel & subsistence instead of 2210401- Foreign Travel and Subsistence Costs. No authority for the reallocation of funds from the County Treasury was made available for audit review. Thus the total expenditure for this trip was irregularly charged to local travel vote thereby understating the foreign travel expenditure for the year. Consequently we could not ascertain whether the subsistence allowance paid was incurred on official duties.

## Recommendations

The above expenditure should be properly accounted for failure to which recovery be made from the beneficiaries. Budgetary allocations should also be observed. In cases where there is need for adjustment of the budget, authority should be sought and regularized through a supplementary budget and expenditure incurred charged to correct accounts codes.

## 6.0 Construction of the County Assembly Chambers

### 6.1 Delay in Completion of the Chambers

During the year under audit, the County Assembly competitively awarded a contract for construction of the second phase of the chambers where a total of Kshs.106,000,000 had been budgeted for the project. The first phase of the project at a price of Kshs.22,041,960.00 was done in 2013/2014 financial year.

The procurement process for the second phase was carried out through open tender and awarded to the most responsive bidder, M/s Zaina construction company after emerging the winner at a cost of Kshs.104,796,920.00. The contract was signed on 23 January 2015. However, the following anomalies were noted;

- i.) No timelines were indicated in the contract to indicate the various milestones to be achieved in the contract contrary to work program of conditions of contract.
- ii.) No performance security was provided by the winning bidder as security for contract performance as specified under clause 28.1 of conditions of contract before the contract was signed.
- iii.) Records of site meeting held on 4 June, 2015 indicates the contract period was for 42 weeks, commencing on 27 January 2015 and completion date was set to be 11 December 2015. However, as at the time of this audit, the construction was still incomplete and was behind schedule by two months.
- iv.) By the time of audit, Kshs.102,182,861 (97.5%) had been paid out of the contract sum of Kshs.104,796,920. However, the chambers was estimated to be at about 80% completion level. The payments made appear to include irregular payments for works not done and the balance of funds of Kshs.2,614,000 may not be sufficient to complete the remaining works on the building.

It has not been possible therefore to confirm the propriety of the expenditure of Kshs.102,182,861 so far spent on the project.

### **Recommendations**

Clear timelines on completion date, work done and period remaining should be captured in the site meeting minutes to avoid possibility of overpayment to the contractor. All payments made to the contractor should be accompanied with certified works. Ensure also that the contractor should also hasten the completion of the work to avoid possible escalation of costs.

### **6.2 Failure to Withhold 6% VAT**

During the year, the County Assembly made payments to M/s Zaina Construction Company Limited totaling to Kshs.69,322,635 for construction of the County Assembly Chamber (vatable supplies). However no evidence was provided indicating that 6% withholding VAT amounting to Kshs.4,161,759 was retained and remitted to KRA as required. The unremitted VAT constitute loss of government revenue.

## **Recommendation**

The accounting officer should ensure that government revenue is collected as per the law and the related circulars to avoid unwarranted interest and penalties.

### **7.0 Outstanding Imprests**

Members of the County Assembly were issued with imprests to run the ward offices. It was however noted that imprests amounting to Kshs.12,338,922 had some dated back to June 2014 but had not been surrendered as at 30 June 2015. Further, County Assembly staff had outstanding imprests amounting to Kshs.325,658 as at the close of the financial year. (Refer to **Appendix II**). No reason was provided for the delay in accounting for the imprests. In addition, imprest register was not maintained to record and monitor the issuance and surrender of the imprest.

The County Assembly is in breach of the financial regulations regarding the issuance and surrender of imprests. The unaccounted for funds may also lead to loss of public funds.

## **Recommendations**

Management of imprests should be streamlined and imprests holders compelled to account for funds within within forty eight hours after return from journey or after completion of assignment, failure to which recovery measures instituted against the concerned MCA's and staff.

### **8.0 Human Resource**

#### **8.1 Lack of Staff Establishment**

As reported in 2013/2014 financial year, approved staff establishment was not made available for audit review and therefore the basis of recruitment of twenty two (22) new staff was not explained. In absence of staff establishment, over employment may occur which will adversely affect staff morale and service delivery.

#### **8.2 Recruitment of Ward Office Staff**

Records indicate that each of the twenty four (24) MCAs employed three (3) ward staff numbering seventy two (72) to work on contract terms in the ward offices contrary to Section 12 (7) (b) of the County Government Act, 2012 which bestows the responsibility of recruitment of County Assembly staff to the County Assembly Service Board. Further, job descriptions for the staff was not clearly defined. Available records indicate that the three staff comprising of personal assistant, secretary and security guard were paid monthly salary of Kshs.15,000, Kshs.11,000 and Kshs.8,000 respectively translating to a total of Kshs.12,096,000 per annum for the assembly. The propriety of the expenditure incurred during the year on ward office operations could not be confirmed.

## **Recommendations**

- Recommended staff recruitment process needs to be followed and job descriptions for staff issued at the onset to improve on staff morale and stability.
- All expenditure to be incurred should always be budgeted for and criteria or terms of payment should be established for County Assembly and ward office staff.

### **9.0 Unaccounted for Fuel**

Examination of expenditure records revealed that the County Assembly paid a sum of Kshs.500,000 to M/s Ol'kalou Enterprises vide cheque No.00356 of 30/9/2014 being payment for supply of undisclosed quantity and type of fuel for vehicles requisition through LPO No. 104 of 18 September 2014. The payment was charged to account No. 2211201- refined oil and lubricants. The following was however noted:

- i. The payment voucher was not supported with the relevant invoice, delivery notes, forms S11 and S13 and detail orders. Evidently, the supplier was paid in advance without indicating on the LPO the type and quantity of fuel required. No fuel register was made available for audit review to show how the fuel was accounted for as required.
- ii. The majority leader has been assigned official vehicle registration No.18CG 043A which is used on full time basis contrary to regulations on use of government motor vehicles. The work tickets for the vehicle were also not made available for audit review.

In absence of proper fuel records, accountability of the funds could not be confirmed or paying for undelivered fuel could not be ruled out.

## **Recommendations**

- The accounting officer should ensure that all payments have relevant supporting documents and used for the intended purpose.
- A review should be carried out on irregular payments/benefits with a view to recovering from concerned members.
- Ensure compliance with SRC circulars on benefits and remuneration to MCA's and staff. Provide work tickets for the majority leader's vehicle for audit verification.

## **10.0 Unaccounted for Ward Offices Expenses**

A review of expenditure records for the County Assembly revealed that in September 2014 an amount of Kshs.44,000 was paid to each of the twenty five (25) ward office staff for unspecified ward office expenses and charged to major roads and advertising, awareness and publicity campaigns vote. The purpose of the payment however, was not indicated. Further, payment vouchers in respect of the expenditure were not supported with documents contrary to the government financial regulations and procedures. It was noted that, the payment was posted as expenditure instead of being imprest to be accounted for and thus constitute an irregular charge to public funds. No measures appear to have been taken by the accounting officer to ensure that the amount paid is accounted for. (Refer to **Appendix III**)

In the absence of expenditure documents, it was not possible to confirm that the expenditure was incurred on the intended purpose.

### **Recommendation**

The concerned MCAs should account for the funds or the same recovered from their salaries.

## **11.0 Unaccounted for Catering Services Expenditure**

Examination of payment voucher dated 30 September 2014 revealed that a sum of Kshs.100,000 was paid to Salome Wangechi Muriuki being temporary imprest payable to Peter Karanu to cater for the hire, lunch and refreshments during public participation of the Finance Bill on an unspecified date and venue. The payment voucher was not supported with any expenditure documents as required and could not be verified.

### **Recommendation**

The above payment should be supported and the accounting officer to institute controls on voucher including examination to prevent such occurrence in future.

## **12.0 Unbudgeted Subscription Fees**

The County Assembly spent an amount of Kshs.800,000 towards payment of annual subscription for the County Assembly Forum and to the Society of Clerks. The payments were made on different dates during the year. However the payment was not budgeted for in the approved budget. No reason was provided for the irregularity and failure to include the expenditure in a supplementary budget.

### **Recommendations**

Unbudgeted for payments should not be effected. Supplementary budget should also be prepared and approved for any re-allocation of funds needed.

### **13.0 Pending Bills**

Records maintained by the County Assembly indicated that unpaid bills for 2014/2015 had accumulated to Kshs.50,329,095 as at 30 June 2015. The debts includes subsistence allowance claims by MCA's and staff of Kshs.4,823,700 and Kshs.7,180,736 respectively and the balance of Kshs.38,324,659 was said to be owed to general suppliers of goods and services.

However, the amount of Kshs.38,324,629 was not supported with relevant invoices, contract agreements and detailed list of creditors. Further, the significant amount of members and staff claims indicate existence of weak internal controls in management of domestic travel and sitting allowances. The accuracy and propriety of the pending bills of Kshs.50,329,095 as at 30 June 2015 therefore could not be verified.

### **Recommendations**

The Assembly should only initiate expenditure when funds are available and which should be aligned with budget and annual procurement plan. The accounting officer should also exercise prudence and ensure public resources are used in an economical and efficient manner in accordance to the PFM, Act 2012.

### **14.0 Unresolved Prior Year Audit Matters**

#### **14.1 Irregular procurement and Administration of Car Loan and Mortgage**

The County Assembly procured car and mortgage administration services from Chase bank (in Receivership) and transferred Kshs.161,000,000 in 2013/2014 financial year to operationalize the fund. However, there was no advertisement for expression of interest for provision of the services. Further, the County Assembly did not maintain proper accounting records including cash book, ledgers, bank reconciliations and fund accounts.

The Assembly was therefore in breach of the Public Procurement and Disposal Act, 2005 and propriety and administration of the facility could not be confirmed.

#### **14.2 Irregular Procurement- Foreign Travel Logistics Services and Overpayment of Allowances**

The county Assembly sponsored some staff and members of county assembly on an education tour to Malaysia and Singapore at a cost of Kshs.27,349,307. The services of handling of travel logistics was contracted to a local travelling company at a cost of Kshs.15,523,000. However, there were no procurement records produced to show how this firm was identified, hired and contract price arrived at. Further, it was also observed that the MCAs and staff who travelled were paid full subsistence allowance amounting to Kshs.11,037,664 instead of Kshs.4,053,016 which was quarter per diem since full board accommodation was catered for during the trip. This resulted to an overpayment of Kshs.6,984,683. In addition, the County Assembly did not produce stamped travel documents for audit verification confirming whether the journey

actually took place and neither were there reports to indicate the results of the trips so as to realize value for money for the county. The propriety of the payments of Kshs.27,349,307 for the year ended 30 June 2014 could therefore not be confirmed.

#### **14.3 Irregular Procurement of Consultancy Services**

The County Assembly contracted various Consultants to offer services among others for reviewing standing orders and preparation of strategic plan and paid a total of Kshs.5,030,960. However, the suitability of the contracted firms to offer these services could not be confirmed in the absence of certificates in their bid documents.

#### **14.4 Unrecorded and Unsurrendered Imprest**

The County Assembly advanced imprest totaling Kshs.50,067,344 to MCAs and staff during the financial year 2013/2014 as travel and subsistence allowances which remained unsurrendered at the time of audit. Further, the payments were not recorded in the imprest register.

#### **14.5 Irregular Ward Offices Expenditure**

(a) The County Assembly rented ward offices, renovated them and employed staff to run those offices at cost totaling Kshs.13,730,000. It was however observed that the members of the county assembly were the ones who were paid the monthly rent and the ward staff salaries instead of the money being credited directly to the landlords and respective staff bank accounts. Further, the county assembly acquired furniture worth Kshs.6,609,375 for the said ward offices. No procurement documents were produced to show that proper procedures were followed when procuring for these furniture. The rents were effected in October 2013 but backdated to the beginning of the financial year at standard rate of Kshs.10,000 in unclear circumstances.

(b) Records indicate that the MCAs presented claims for salary payment of ward clerk Kshs.15,000, secretary Kshs.11,000 and a watchman Kshs.8,000 respectively. These ward offices staff were not competitively recruited by the County Assembly Service Board but were employed by respective MCAs. Further, audit inspection revealed that some MCAs had employed only one secretary and it was not clear who the other salary was paid to. In other wards offices, those employed were being paid below the amounts as provided by the county assembly.

(c) An inspection carried out revealed that imprest amounting to Kshs.19,006,760 were found to be outstanding in twenty two (22) ward offices. It was not explained why the imprest had not been surrendered or why huge imprests are being advanced at ward level.

#### **14.6 Un-procedural Variation of Bill of Quantities in Construction of Prefabricated Assembly Building**

The County Assembly contracted the services of designing and developing bill of quantities for temporary prefabricated county assembly offices to a supplier at a cost of Kshs.499,550. The resultant bill of quantities prepared by this firm was however



found to have omissions, errors and discrepancies and the assembly had to appoint another consultant to finalize the preparation of the structural drawings at an additional cost of Kshs.200,000. This was done without the involvement of Ministry of Public works.

Further, during the evaluation of the tenders from the contractors, it was noted that the evaluation committee introduced modification to the original bill of quantities and the cost of construction changed from Kshs.14,162,610 as per engineer's estimate to contract price of Kshs.21,960,610. This resulted to a variance of Kshs.7,797,595 or 55% between the estimates and the contract price. The tender committee should have recommended re-advertising of the contract or revaluation by the engineer instead of the irregular variation. The variation was also not authorized.

The regularity of the procurement process for the design consultancy and construction could not be confirmed.

#### **14.7 Untaxed Allowances to County Assembly Service Board (CASB)**

During the financial year 2013/2014, the CASB members were paid sitting allowances totaling Kshs.10,620,447. However, 30% tax thereon of Kshs.3,186,134 on the allowances paid was not deducted and remitted to KRA as required by the Income tax Act. Further, payments of Kshs.1,142,580 to KRA was paid on behalf of the members by the assembly although the amount was not recovered from their allowances.

#### **14.8 Excessive expenditure on Subsistence Allowances**

The County Assembly paid Kshs.8,566,145 for travel, accommodations and hire of conference expenditure for various assembly committees' activities during the year ended 30 June 2014. Those activities included writing of reports in hired hotels or institutions facilities particularly in Nairobi and Naivasha instead of doing so from county offices and premises established for those routine activities. Members were being paid four to five days accommodation allowances which appeared to be excessive and prone to abuse.

Further, the County Assembly paid members transport allowance at a flat figure of Kshs.5,000 to 7,000. The basis of these fares was not clear since no documents were provided to show how these amounts were spent and accounted for.

Therefore the value for money from these conferences could not be confirmed.

#### **14.9 Imprudent Use of Public Resources**

The County Assembly organized sectorial review meeting at Multimedia University to review the County budget at a cost of Kshs.2,230,000. However, the meetings could have been discussed more prudently and economically within the establishment of the Assembly to minimize extravagance use of public resources. Further, the expenditure on conference facility was not supported by any documentary evidence

while the reports made available to support the deliberations at the committees were only for two days as opposed to five days. Therefore, the value for money on these meetings may not have been achieved.

#### **14.10 Irregular Payment of Sitting Allowances to Members While in an ICT Seminar in Kisumu**

MCAs were paid accommodation allowance amounting to Kshs.2,604,000 in addition to sitting allowances of Kshs.1,170,260 while attending ICT training in Kisumu during the period ended 30 June 2014. The sitting allowances were not payable since the seminar was not a committee or plenary sitting and this amounted to misuse of public funds recoverable from the members of the assembly.

#### **14.11 Ad-hoc Committee**

The members of the County Assembly ad-hoc committee on alcoholic drinks were paid Kshs.1,064,000 in respect of sitting and subsistence allowances for five days exercise while attending a report writing exercise at Tom Mboya Labour College in Kisumu. However, the members were paid additional excess imprest totaling Kshs.719,200 than they were entitled. The meeting ended on 7 June 2014 but the members were paid sitting allowances and subsistence allowances up to 8 June 2014 when they were not in session. Further, some members did not attend the meeting but still were paid all allowances.

The payment of Kshs.719,200 cannot therefore be confirmed as a correct charge to public fund.

#### **14.12 Irregular Sitting Allowances for Agriculture Committee**

The members of the Agriculture, Livestock and Fisheries committee were paid Kshs.334,500 to facilitate members and some staff to attend a meeting in Nyandarua County between 1 May, 2014 to 5 May, 2014. However, the meeting was held on 3 May 2014 between 10.00am and 1.00pm. Therefore, the committee was irregularly paid accommodation and travelling expenses for a journey not made.

Further, members of the implementation committee were paid Kshs.238,500 to facilitate members and staff to attend a meeting on report writing on Finance Bill 2013 between 2 May, 2014 to 4 May, 2014 at Nakuru. However, Agriculture, Livestock and Fisheries Committee Members were found to have attended both the parallel meetings on Agriculture and the Implementation Committees on the same dates at different venues. These payments were therefore irregular.

#### **14.13 Irregular Subsistence Allowances for Implementation Committee**

Members of Implementation Committee were paid travel and subsistence allowances totaling Kshs.660,400 to attend a report writing conference from 23 April, 2014 to 27 April, 2014 at Kenya School of Monetary Studies. However, records shows that on 24 April 2014, the same committee members were in attendance of another meeting at

the County Assembly which started at 2.05 pm and ended 2.45pm. The subsistence allowance claims were therefore irregular.

#### **14.14 Irregular Expenditure for Attending KICOSCA Games in Nairobi**

During the financial year 2013/2014, the County Assembly made payments to MCAs and CASB members to attend KICOSCA games held in Nairobi from 18 August, 2013 to 24 August 2013 totaling Kshs.2,706,000. However, it was noted that the County Assembly paid for all the forty two (42) MCAs although they were not participating in the games. Further, records for the period 18 August, 2013 to 24 August, 2013 indicate that some MCAs were attending meetings at the assembly during the time of the KICOSCA games while members of the County Assembly Service Board were attending a meeting in Naivasha and yet they were paid the travel and subsistence allowances for attendance of the games.

#### **14.15 Unsupported Overtime Allowances**

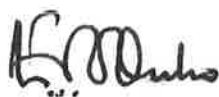
The County Assembly made overtime payments totalling Kshs.1,596,265 to officers working over the weekends and beyond normal working hours during the financial year 2013/2014. However, there was no clock-in register maintained from July 2013 to April 2014 to record the overtime and therefore support the payments made. The validity of the payments could therefore not be confirmed.

#### **14.16 Irregular Accommodation Allowances Paid to Members of the County Assembly**

Members of the County Assembly were paid Kshs.2,715,000 in respect of accommodation allowances to facilitate spending the night in Ol Kalou town for one day every week during the period ended 30 June 2014. These allowances were allegedly paid to facilitate punctual attendance of the assembly sittings the following day. This was found to be un-procedural since the accommodation was being catered for by the house allowance which was being paid as part of the MCA's salaries.

#### **Conclusion**

From the foregoing, it is clear that the management has not instituted reliable financial systems and effective internal controls to safeguard public fund from misuse and loss.



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

**Nairobi**

**28 September 2016**