

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL OPERATIONS OF
NAROK COUNTY ASSEMBLY

FOR THE PERIOD
1 JULY 2013 TO 30 JUNE 2014

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

EXECUTIVE SUMMARY

Introduction

The financial transactions of the County Assembly of Narok for the financial year 2013/2014 are subject to audit by the Auditor-General in accordance with Article 229 (5) of the Constitution of Kenya and the Public Audit Act, 2003.

Audit Objectives

The objective of the audit was to ascertain whether the systems formulated and applied by the County Assembly were reliable for the management of the County Assembly's finances in the delivery of services to the local residents.

Terms of Reference

The terms of reference set for the audit included verification and confirmation of transactions in respect to but not limited to the following areas:

- Budgetary controls
- Annual operational / Activity plans
- Procurement of goods, works and services
- Allowances including travelling and accommodation expenses for local and foreign trips
- Motor vehicle running expenses and fuel
- Cash and Bank balances
- Human Resource record
- Non-Current Assets
- Debtors

1.0 Human Resources

1.1 Policy Documents

The County Assembly Service Board has not yet developed manuals for use in the administration of the staff. These are critical documents in guiding the Service Board on human resource issues including performance management, leave, job descriptions and placement, payroll and discipline among other issues.

1.2 Integrated Payroll and Personnel Data (IPPD)

The County Assembly has not implemented IPPD for payroll and human resource data processing and instead depend on the County Executive Government system. Therefore, they are not independent and there is no adequate segregation of duties to control the system users.

2.0 IT Control Environment and ICT Governance

2.1 ICT Policy

The County Assembly has not formulated a County Assembly ICT Framework which illustrates the intended future plans for the ICT Department. The Assembly has also not developed and implemented key ICT documents such as ICT policies and procedures, ICT Strategic Plan, Business Continuity Policies (BCP) and Disaster Recovery Plans (DRP). Further, an ICT Steering Committee has also not been constituted to address these issues. In addition, the County Assembly IT section had only one permanent employee.

2.2 IFMIS and G-pay

The County Assembly had not installed IFMIS system for the period under review and maintained manual cashbook and vote book. This contravenes Section 8 (2) (a) of the County Government Act, 2012.

3.0 Maintenance of Fixed Asset Register

The County Assembly did not have a fixed assets register contrary to the provisions of the Public Finance Management Act, 2012. The identification, completeness and location of the County Assembly assets could not therefore be determined.

4.0 Cash and Bank Balances and Reconciliations

The Central Bank of Kenya opened Narok County Assembly recurrent account Number 1000198467 with authorization by the County Treasury. However, the account has not been operationalized to date. The County Assembly prepares payment vouchers which are subsequently forwarded to the County Executive Government for payment.

5.0 Consultancy Services

During the year, the County Assembly engaged M/S Strategic Planners of Kenya to prepare a strategic plan and subsequently paid in full Kshs.3,758,400 of which Kshs1,879,200 was for preparing the strategic plan and the balance for a consultative workshop for MCAs. The following anomalies were however noted:

- (i) The period for which the strategic plan was being prepared was not specified and a draft strategic plan was not availed for audit.
- (ii) The professional service contact dated 4 May 2014 was not signed by the consultant.

6.0 Purchase of Office Furniture & General Equipment

The County Assembly paid various suppliers Kshs.17,661,558 in respect of purchase of office furniture & fittings, computers, printers and other IT equipment. The following anomalies were however noted:

- (i) The County Assembly did not have a procurement plan for the year 2013/2014.

- (ii) The County Assembly did not maintain an assets register to record the assets.
- (iii) The items purchased were not taken in the stores ledger.

7.0 Procurement of Computers and Computer Accessories

The County Assembly paid a firm; M/s Compusys Office Supplies Kshs.4,712,732 in respect of supply and installation of computers and IT software to ward offices. The following anomalies were however noted:

- (i) The County Assembly did not maintain an assets register to record the computers and accessories and they were also not taken on charge in the stores ledger.
- (ii) The County Assembly did not give details of serial numbers of computers and accessories purchased and to which they were issued to.

8.0 Purchase of Motor Vehicles

The County Assembly purchased motor vehicles at a total cost of Kshs.30,283,174. However, the Assembly did not avail or provide specification documents for the motor vehicles it intended to purchase. In addition, the log book for one of the vehicles KBY 869C was not availed to confirm its ownership.

9.0 Expenditure on Catering Services

The Assembly incurred expenditure totaling Kshs.4,631,320 out of budgeted amount of Kshs.6,000,000 in respect of provision of meals and refreshments to Members of the County Assembly and staff attending various committee and staff meetings. However, schedules indicating dates of committee/staff meetings, attendance records and minutes arising from the said committee meetings were not provided.

10.0 Repair & Maintenance of Motor Vehicles

During the financial year, the County Assembly spent Kshs.4,015,458 on repairs and maintenance of motor vehicles. However, the defects were not captured in the work tickets as required and the Assembly did not maintain a repairs and maintenance logbook. In addition, an inspection committee report before and after repairs was not availed for audit verification.

11.0 Purchase of Tyres and Tubes

The Assembly paid M/S Aple Ice Ltd and Rift Tyre Mart Kshs.1,147,756 for purchase of tyres and tubes. Although the County Assembly availed tender No. NCA/T/006/2023/2014 for the supply, delivery of tyres, tubes and battery, it was noted that there was no documentation to show how the tyres were received, taken on charge and issued from stores.

12.0 Expenditure on Foreign Travels

12.1 Over-Expenditure

During 2013/2014 financial year the County Assembly budgeted to spend Kshs.37,600,000 in respect to foreign travel. However, the Assembly spent Kshs.63,154,194.00 on nine (9) foreign trips. The over expenditure of Kshs.25,367,694 has not been explained.

	Country visited	Dates of travel	Number of persons involved	Amount spent (Kshs)
1	Singapore	28 April to 1 May 2014	15	11,497,452.00
2	Rwanda	27 May to 30 May 2014	17	3,528,300.00
3	South Africa	February 2014		8,207,694.00
4	South Africa	May 2014	4	903,400.00
5	USA	6 October to 13 October 2013	3	2,368,137.00
6	USA	29 June to 6 July 2014	20	11,889,196.00
7	Israel	23 June to 1 July 2014	18	11,375,375.00
8	Hongkong	28 June to 4 July 2014	19	11,079,640.00
9	Tanzania	28 May to 31 May 2014	33	2,305,000.00
	Total			63,154,194.00

The over expenditure of Kshs.25,554,194 or 67% has not been explained.

12.2 Issues on Specific Trips

Examination of payment vouchers and other documents attached to the payment vouchers revealed the following additional observations for the specific trips.

12.2 Foreign Trip To Singapore

a) Engagement of KCA University

The Assembly incurred expenditure totaling Kshs.11,497,452 on a trip to Singapore. Documents available indicated that KCA University invited Narok County Assembly Service Board and liaison committee to attend an International Training and Capacity Building on Sustainable Economic Transformation through Integrated and Infrastructural Planning and Development between 28 April 2014 and 1 May 2014 in Singapore.

The following weaknesses were noted;

- i) It was not clear why payment of Kshs.3,433,600 was made through KCA University instead of paying directly to Singapore for conference facilities or determine how the amount was arrived at.
- ii) The benefits of the trip to the County Assembly Service Board were not stated.

b) Imprest Warrant Number 1926639

Ms Beatrice Kadesa was issued with imprest of Kshs.5,648,152 being per diem for twelve (12) Members of the County Assembly and three (3) members of staff and contingency of Kshs. 400,000 for eight days for the trip. The Kshs.400,000 indicated as contingencies was not explained, surrendered or supported by schedules and therefore not accounted for.

c) Air tickets to Singapore

The Assembly paid M/S Kosen Safaris Kshs.2,415,700 for air tickets. It has not been explained how M/S Kosen Safaris was identified to offer the services. It was therefore not possible to confirm that the Assembly received value for money on this procurement.

12.3 Foreign Trip to Rwanda

The County Assembly spent Kshs.3,528,300 in respect of travelling to Rwanda. The County Assembly paid the Institute of Risk Management Kshs.2,718,300 in respect of conference fees for seventeen (17) delegates held between 27 May 2014 and 30 May 2014. The rationale of paying the Institute to arrange a foreign training has not been explained.

12.4 Trips to USA

Documents available indicate that the County Assembly incurred Kshs.14,257,333 for travelling to the USA on two occasions.

a) Trip to USA in February 2014

The Assembly accountant was paid Kshs.2,368,137 to facilitate the Speaker, Leader of Majority and a Member of the County Assembly to travel to USA for Africa Business Summit in Chicago from 8 to 11 October 2013.

This expenditure was however not properly accounted for as it lacked the necessary documentations as follows;

- i) The receipt for summit registration fee of Ksh.465,675 was availed for audit.
- ii) The Nairobi night outs and USA per diems were not surrendered. These per diems were issued on the strength of various Internal Memos to the Clerk. It has not been explained why the imprest was issued to the Accountant instead of the respective officers who were traveling.

b) Trip to USA in June 2014

Documents available indicate that the Assembly spent Kshs.11,889,196 on twenty (20) MCAs and officers to travel to USA from 29 June 2014 to 6 July 2014.

This expenditure was not properly accounted for as it lacked the necessary documentations as follows;

- i) The County Assembly did not avail supporting documentation for the expenditure.
- ii) The purpose of travelling to USA was also not stated.
- iii) In addition, the report on their findings was not availed for audit.

In the absence of all these documentations, the propriety and of the expenditure could not be confirmed.

12.5 Foreign Trips to South Africa

The County Assembly spent Kshs.9,111,094 on trips to South Africa as follows:-

a) Trip to South Africa in February 2014

It was observed that Mr. Nicholus Lenkoi was issued with imprest of Kshs.8,207,694 vide warrant number 1926630 dated 4 February 2014. The imprest was meant for travel cost, conference facilities and air tickets for members on official duty to South Africa.

The following issues were observed;

- i) No schedule was availed indicating the members who travelled to South Africa.
- ii) In the absence of supporting documents we could not establish how much was paid for conference facilities and air tickets.
- iii) The purpose of travelling to South Africa was not stated, and a report detailing the findings of the trip was not availed for audit.

In the absence of these documentation, the expenditure of Kshs.8,207,694 spent on the trip could not be confirmed.

b) Trip to South Africa in May 2014

The County Assembly paid a University Kshs.522,000 vide voucher number 663 of 23 May 2014 in respect of training fees for three (3) MCAs and an officer on best practices for finance committees for a training held in Johannesburg, South Africa.

The following observations were however made:-

- i) The payment voucher was not supported with travel documents such as air tickets and copies of passports. The authenticity of the expenditure could therefore not be confirmed.
- ii) The report on their findings was not availed for audit and therefore the benefit accruing from the training could not be ascertained.

In the absence of these documentation, the expenditure spent on the trip could not be confirmed.

12.6 Foreign Travel to Israel

Documents available indicate that the County Assembly spent Kshs.11,375,375 on eighteen (18) MCAs and officers to travel to Israel from 23 June 2014 to 1 July 2014. The following observations were made:

- i) Ms Beatrice Masago was issued with an imprest of Kshs.7,350,396 for allowances, travel insurance and contingencies for the trip. As at the time of the audit this imprest, had not been surrendered.
- ii) It was also noted that the travel was organized by an agent who was paid Kshs.2,314,979 for air tickets for the eighteen (18) MCAs. However, it was not clear how M/S Kosen Safaris was identified to offer the services.
- iii) The purpose of the tour was not stated.
- iv) A schedule of the eighteen (18) MCAs who traveled was not availed and it was therefore not possible to confirm the specific MCAs who traveled.
- v) In addition, the report on their findings was not availed for audit.

In the absence of these documentation, the expenditure spent on the trip could not be confirmed.

12.7 Foreign Travel to Hong Kong

Documents available indicate that the County Assembly spent Kshs.11,079,640 on nineteen (19) MCAs and officers to travel to Hong Kong from 28 June 2014 to 4 July 2014. The following observation was noted:-

- i) Mr Brian Lemayian was issued an imprest of Kshs.5,133,609 for allowances and contingencies for the trip. As at the time of the audit this imprest had not been surrendered. The relevant supporting travel documentations were not availed for audit.
- ii) A schedule of the nineteen (19) MCAs who traveled was not availed. It was therefore not possible to confirm the specific MCAs who traveled.
- iii) The purpose of travelling to Hong Kong was also not stated
- iv) The report on their findings was not availed for audit.

In the absence of these documentation, the expenditure spent on the trip could not be confirmed.

13.0 Expenditure on Insurance

The Assembly paid an Insurance firm Kshs.6,186,140.00 in respect of medical insurance for Narok County Assembly members and staff. However, the company did not issue insurance policy documents to the Assembly, hence the terms of the cover not ascertained.

14.0 Ward Expenditure

14.1 Expenditure on Contractual Employees

Examination of the vote book indicated that an amount of Kshs.3,575,081 was spent on contractual employees paid through Payment vouchers .No.505 of 10/03/2014 and 509 of 10/03/2014 for Kshs.2,326,183 and Kshs.1,248,898 respectively. However, the following weaknesses were noted:

- i) The respective physical payment vouchers were not availed for examination during the period of audit.
- ii) The necessity of contractual employees together with their personal files were also not availed for examination. It was therefore not possible to determine their terms of engagement including salaries to be paid.

14.2 Ward Rent

Analysis of payment vouchers revealed that the County Assembly paid a uniform rent of Kshs.180,000 for every ward and per financial year. However, no procurement procedures were followed and it was not clear how the County Assembly identified the premises. Further, it was not clear how the figure of Kshs.180,000 was arrived at across all the wards.

15.0 Sitting Allowances

During the year under review, the County Assembly budgeted to spend Kshs.22,000,000 on sitting allowances. Analysis of schedules for members sitting allowance for the period between January 2014 to June 2014 however revealed that Kshs.13,397,900 was spent on this item. The schedules for the months of July 2013 to December 2013 were not availed for audit and therefore it was not possible to establish how much was spent for the six (6) months.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 August 2015

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

1. Human Resources

1.1 Human Resource Policy Documents

Section 12 (7) of the County Government Act, 2012 states that the County Assembly Service Board is responsible for:

- a. providing services and facilities to ensure the efficient and effective functioning of the county Assembly ;
- b. constituting offices in the county Assembly service, and appointing and supervising office holders;
- c. preparing annual estimates of expenditure of the county Assembly service and submitting them to the county Assembly for approval, and exercising budgetary control over the service;
- d. undertaking, singly or jointly with other relevant organizations, programmes to promote the ideals of parliamentary democracy

The County Assembly Service Board has not yet developed Human Resource manuals and HR policy documents for use in the administration of the county staff. These are critical documents in guiding the service board on human resource issues including performance management, leave, job descriptions and placement, payroll and discipline among other issues.

1.2 Integrated Payroll and Personnel Data (IPPD)

Further, the County Assembly has not implemented IPPD for payroll and human resource data processing and instead depend on the County Government system. Therefore, the Assembly is not independent and there are no adequate segregation of duties to control the system users.

Recommendations

The County Assembly Service Board should prepare human resource manuals to guide in recruitment, job placements among other aspects. The IPPD system should be implemented

2.0 IT Control Environment and ICT Governance

2.1 ICT Policy

Section 8 (2) of the Public Finance Management Act, 2012 require the Assembly to ensure that the financial management system developed by the National Treasury under section 12 of the Public Finance Management Act, 2012 is effectively applied to facilitate standard financial management including budgeting, accounting and reporting.

The County Assembly has not formulated a County Assembly ICT Framework which illustrates the intended future plans for the ICT Department. The County Assembly is also yet to develop and implement some of the key ICT documents such as ICT policies and procedures, ICT Strategic Plan, Business Continuity Policies (BCP) and Disaster Recovery Plans (DRP). Further, an ICT Steering Committee has also not been constituted to address these issues. In addition, the County Assembly IT section had only one permanent employee.

2.2 IFMIS and G-pay

It was noted that IFMIS had not been installed for the period under review and the Assembly maintained a manual cashbook and vote book. This contravenes section 8 (2) (a) of the County Government Public Finance Management Act 2012.

Recommendations

- (i) The County Executive should enhance ICT capacity so as to facilitate faster implementations of projects. ICT governance documents should be formulated and adopted by the management of the County Assembly.
- (ii) The management should ensure that they adopt both IFMIS and G-pay.

3.0 Maintenance of Fixed Assets Register

Section 149 (2) (0) the Public Finance Management Act require County Assembly to have adequate systems and processes in place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current and accurate. During financial year 2013/2014, the County Assembly did not have an asset register contrary to the provisions of the PFM Act 2012. It is therefore not possible to determine the existence, completeness, location and accuracy of the Assembly assets. Defamation, grabbing and misuse of County movable and fixed assets is possible.

Recommendations

The County Assembly needs an asset register:

- i) To keep track of assets and provides a fair estimate of their value.
- ii) record serial numbers, make, model, etc. and to maintain an adequate accounting records of assets-cost, description, and where they are kept in the organization
- iii) For ease in physical verification of fixed assets.
- iv) Maintain accurate records for depreciation
- v) Ensure sooth running of the Assembly and prevent theft.

4.0 Cash and Bank Balances and Reconciliations

The Central Bank of Kenya opened Narok County Assembly recurrent account Number 1000198467 with authorization by the County Treasury vide letter reference number NCG/BANK/ACC/VOL.I/1 of 16 January 2014. However, the account has not been operationalized to date. It was observed that the County Assembly prepares payment vouchers which are subsequently forwarded to the County Government for payment. Therefore the County Assembly does not operate independently from the County Government contrary to Devolution Act.

It was also noted that the County Assembly did not prepare a bank reconciliation statement as at 30 June 2014.

Recommendations

The County Assembly management should liaise with relevant institutions to ensure operationalization of the opened bank account. Monthly bank reconciliation statements should be prepared.

5.0 Consultancy Services

The Public Finance Management Act, 2012 Sec.149 (2) (g) require preparation of a strategic plan which is in conformity to the medium term Fiscal framework and financial objectivity of the County Assembly. During the year under review, the County Assembly engaged M/S Strategic Planners of Kenya to prepare a strategic plan and subsequently paid in full Kshs.3,758,400 as detailed below;

Date	PV No.	Details	Amount (Kshs)
30/06/14	1099	Payment for strategic plan for the County Assembly	1,879,200.00
25/06/14	979	Consultative workshop to members of Narok County Assembly	1,879,200.00
Total			3,758,400.00

The following anomalies were noted;

- i) The period for which the strategic plan was being prepared was not specified and a draft strategic plan was not availed for audit
- ii) The professional service contract dated 4 May 2014 and which was attached to the payment voucher was not signed by the consultant.
- iii) The criteria for making payments was not stated i.e. how part payments were to be made until the completion of the service.

Recommendation

The Assembly should;

- i) Avail a copy of the strategic plan and minutes adopting the strategic plan

- ii) Avail the professional service contract duly copied by the contractor.
- iii) State the criteria for making payments to the consultant.

In absence of the above, the consultancy fees should be recovered from the supplier of the services.

6.0 Purchase of Office Furniture & General Equipment

The County Assembly paid various suppliers a total amount of Kshs.17,661,558 for office furniture & fittings, computers, printers and other IT equipment, but the following anomalies were noted:

- i) The County Assembly did not have a procurement plan for the year 2013/2014.
- ii) The County Assembly did not maintain an asset register to record the above assets.
- iii) The items purchased were not taken on charge in a stores ledger.

Recommendations

The County Assembly should;

- i) Establish a procurement department to oversee procurement.
- ii) Ensure that procurement plan is prepared for every financial year.
- iii) Ensure each procurement is supported by minutes of opening, evaluation and awarding
- iv) All purchases are properly taken on charge in stores and have the required documentation to facilitate verification.

7.0 Procurement of Computers and Computer Accessories

The County Assembly paid M/s Compusys Office Supplies Kshs.4,712,732 vide payment voucher number 693 of 25 June 2014. It was noted that Kshs.4,062,700.00 was in respect of supply and installation of computers and IT software to ward offices and Kshs.650,032.00 was in respect of VAT as detailed below;

Item	No	Rate (Kshs)	Amount (Kshs)
Kaspersky computer antivirus	27	2,350.00	63,450.00
Desktop computer 3.0 duo core	25	69,950.00	1,748,750.00
Flash disks	12	3,500.00	42,000.00
APC 650va ups	36	12,500.00	450,000.00
Users Genuine windows	5	140,000.00	700,000.00
HP LaserJet printers	25	23,500.00	587,500.00
Laptops	6	78,500.00	471,000.00
Sub Total			4,062,700.00
VAT			650,032.00

Total			4,712,732.00
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The County Assembly did not however, maintain an asset register to record the computers and accessories, these items were not taken on charge in the stores ledger.

Further, the County Assembly did not give details of serial numbers of computers and accessories purchased.

Recommendations

The Assembly should ensure that asset register is maintained capturing full details and specifications of assets bought.

8.0 Purchase of Motor Vehicles

During the year under review, the County Assembly purchased various motor vehicles at a total cost of Kshs.30,283,174. However, the Assembly did not avail or provide specification documents for the motor vehicles it intended to purchase so as to confirm that the procured motor vehicles conformed to the specification on the LPO. In addition, the log book for KBY 869C was not availed to confirm its ownership and expenditure. Details were as follows:

Date	Pv. No.	Payee	Amount (Kshs)
1/29/2014	369	DT. Dobie	8,581,331.00
8/13/2013	90	Toyota Kenya Ltd.	6,158,843.00
8/13/2013	91	CMC Motors Group Ltd.	4,343,000.00
10/2/2013	298	CMC Motors Group Ltd.	5,600,000.00
9/18/2013	290	CMC Motors Group Ltd.	5,600,000.00
Total			30,283,174.00

Recommendations

The Assembly should:

- i) Ensure that procurement plan is prepared for every financial year to indicate methods of procurement and what is to be procured during the year.
- ii) Provide specifications for the motor vehicles the Assembly intended to purchase and proof that physical inspection was carried out to confirm that the specification of the vehicles supplied conformed to LPO.

9.0 Expenditure on Catering Services

During the period under review, the County Assembly budgeted to spend Kshs.6,000,000 for catering services and other associated services (i.e. accommodation, gifts and food). The Assembly incurred Kshs.4,631,320 towards catering services to Members of the County Assembly and staff attending various committee and staff meetings. However, schedules indicating dates of committee/staff meetings, attendance records and minutes arising from the said committee meetings were not provided.

Recommendations

The Assembly should:

- i) Provide relevant minutes for opening, evaluation and award of catering services
- ii) Ensure schedule of individuals together with details of what was served is provided.
- iii) Provide schedules indicating dates of committee meetings and attendance records together with minutes arising from the same should be provided to authenticate the payments.

10.0 Repair & Maintenance of Motor Vehicles

During financial year under review, the County Assembly spent Kshs.4,015,458.00 on repairs and maintenance of motor vehicles as detailed below.

However, the vehicle defects were not captured in the work tickets as required and the Assembly did not maintain a repairs and maintenance logbook. In addition, inspection committee report before and after repairs was not availed for audit verification.

Recommendations

- i) Details of repairs and services should be recorded in the motor vehicle repairs logbook.
- ii) All vehicles should be inspected before and after repair so as to ascertain their conditions after repair.

11.0 Purchase of Tyres and Tubes

The Assembly paid M/S Aple Ice Ltd and Rift Tyre Mart Kshs.1,147,756 for purchase of tyres and tubes. Although the County Assembly availed tender No. NCA/T/006/2023/2014 for the supply. There was no documentation to show how the tyres were received, taken on charge and issued from stores and balances thereof.

Recommendations

Proper stores records should be maintained and all items purchased taken on charge.

12.0 Expenditure on Foreign Travels

A Transition Authority circular Ref TA/7/3/ (43) dated 14th May, 2013 stipulated that for the payment of accommodation and subsistence allowance (night out), state officers of County Governments will be guided by circular Ref: MSPS/18/2A/(89) which had been issued on 12th November 2009 by the Ministry of State for Public Service. The allowance is paid to facilitate accommodation and subsistence for officers when they travel on duty within and outside Kenya. The County Assembly is required to adhere to Section 201(d) of the Constitution which requires that public money must be used in a prudent and responsible way. It is also required to ensure that all the

expenditure have supporting documentation for accountability purposes. In addition, the Assembly should get value for money for expenditure incurred. Further expenditure should be within the approved budget limit.

12.1 Foreign Travel

During financial year 2013/2014 the County Assembly budgeted to spend Kshs.37,600,000 in respect to foreign travel but ended up spending Kshs.37,600,000 in respect to foreign travel but ended up spending Kshs.63,154,190 resulting to an over expenditure of Kshs.25,554,190 or 69% as follows:-

	Country visited	Dates of travel	Number of persons involved	Amount spent (Kshs)
1	Singapore	28 April to 1 May 2014	15	11,497,452.00
2	Rwanda	27 May to 30 May 2014	17	3,528,300.00
3	South Africa	February 2014		8,207,694.00
4	South Africa	May 2014	4	903,400.00
5	USA	6 October to 13 October 2013	3	2,368,137.00
6	USA	29 June to 6 July 2014	20	11,889,196.00
7	Israel	23 June to 1 July 2014	18	1,375,375.00
8	Hongkong	28 June to 4 July 2014	19	1,079,640.00
9	Tanzania	28 May to 31 May 2014	33	2,305,000.00
	Total			63,154,194.00

The over expenditure of Kshs.25,554,194 has not been explained.

Issues on Specific Trips

Examination of payment vouchers and other documents availed to audit revealed the following additional observations for the specific trips;

12.2 Foreign Trip to Singapore

(a) The Assembly incurred expenditure totaling Kshs.11,497,452.00 on the trip to Singapore between 28 April to 1 May 2014 as shown;

Date	Imprest Warrant No./ PV No	Payee	Details	Amount (Kshs)
23/4/2014	1926639	Beatrice Kedesa	Traveling and Subsistence and Emergencies	5,648,152.00
23/4/2014	645	Kosen Safaris	Air tickets for participants to Singapore	2,415,700.00
5/6/2014	651	K.C.A University	Seminar cost for MCA'S - Singapore	3,433,600.00
Total				11,497,452.00

Documents available indicated that KCA University invited Narok County Assembly Service Board and liaison committee vide letter Ref: ICAD/LEAD/SEM/347/15 of 2 March 2014 to attend an International Training and Capacity Building on Sustainable Economic Transformation through Integrated and Infrastructural Planning and Development between 28 April 2014 and 1 May 2014 in Singapore.

The following weaknesses were noted;

- i) It is not clear why payment of Kshs.3,433,600 was made to KCA University instead of paying directly to Singapore for conference facilities or determine how the amount was arrived at.
- ii) There was no report produced detailing comparisons of urban cities in Singapore against those in Kenya.

In the absence of these documents, we could not confirm the propriety of the expenditure.

(b) Imprest Warrant Number 1926639

Ms Beatrice Kadesa was issued with imprest of Kshs.5,648,152 vide warrant number 1926639 on 24 April 2014 being per diem for twelve (12) Members of the County Assembly and three (3) members of staff and contingency for eight days for the trip to Singapore as detailed below;

	Name	Rate	USD conversion	Days	Amount (Kshs)
1	Hon Ololtisati Nicholas Kamwaro	598.00	89	8	425,776.00
2	Hon Letulal Ole Masikonde	475.00	89	8	338,200.00
3	Hon Born Bob Maren	475.00	89	8	338,200.00
4	Hon Bernard Parsaloi Torome	475.00	89	8	338,200.00
5	Hon Rahab Nkure	475.00	89	8	338,200.00
6	Hon Manchau Olonuku Shuma	475.00	89	8	338,200.00
7	Hon Rebecca Masikonte	475.00	89	8	338,200.00
8	Hon Moses Cheruiyot Kimutai	475.00	89	8	338,200.00
9	Hon Joseph Tubula Otuni	475.00	89	8	338,200.00
10	Hon James Nkiminisi Ntome	475.00	89	8	338,200.00
11	Hon Nancy Tamoooh	475.00	89	8	338,200.00
12	Hon Violet Soila Sikawa	475.00	89	8	338,200.00
13	Shedd D Shimotwo	598.00	89	8	425,776.00
14	Beatrice Masago	475.00	89	8	338,200.00
15	Richard Kamuaro	475.00	89	8	338,200.00
					5,248,152.00
	Contingencies				400,000.00
	Total warrant 1926639				5,648,152.00

The Kshs.400,000 indicated as contingencies was not explained, surrendered or supported by schedules and therefore not accounted for.

(c) Air tickets to Singapore

The County Assembly paid M/S Kosen Safaris Kshs.2,415,700 vide voucher number 645 of 23/4/2014 for air tickets.

This following issues were noted;

- a) It has not been explained how M/S Kosen Safaris was identified to offer the services. It was therefore not possible to confirm that the Assembly received value for money on this procurement.
- b) In addition, the report on their findings was not availed for audit. The relevance of the County Public Service Board being invited to attend this training was not clear. Therefore it is likely that the County Assembly did not get value for money spent of the trip.

12.3 Foreign Trip to Rwanda

The County Assembly spent Kshs.3,528,300 in respect of travelling to Rwanda as detailed below.

Date	Imprest Warrant No./ PV No	Payee	Details	Amount (Kshs)
27/5/2014	707	Institute of Risk Mgt.	Conference fee for 17 delegates @ Kshs.137,845 in Rwanda	2,718,300.00
25/6/2014	940	Kosen Safaris	Air tickets to Rwanda	810,700.00
Total				3,528,300.00

The following was observed;

Payment voucher 707

- i) The County Assembly paid the Institute of Risk Management Kshs.2,718,300 in respect of conference fees for seventeen (17) delegates held between 27 May 2014 and 30 May 2014. The rationale of paying the Institute to arrange a foreign training has not been explained.
- ii) In addition, the report on their findings from the conference was not availed for audit.

12.4 Trips to USA

Documents available indicate that the County Assembly incurred Kshs.14,070,833 for travelling to the USA on two occasions as detailed below;

Date	Amount (Kshs)
24/2/2014	2,368,137.00
27/06/2014	11,702,696.00
Total	14,070,833.00

(a) Trip to USA in February 2014

The County Assembly accountant Mr. Peter Tianta was paid Kshs.2,368,137 vide payment voucher No.163 of 24-2-14 MCA to facilitate the Speaker, Leader of Majority and an Member of the County Assembly to travel to USA for Africa Business Summit in Chicago from 8 to 11 October 2013. Details were as follows;

Payee	Amount (Kshs)	Purpose
Peter Tianta	465,675.00	registration fee for three participants
Hon Olooltisati Nicholas Kamwaro	57,000.00	Night out to Nairobi
Hon Stephen Kudate	16,000.00	Night out to Nairobi
Peter Tianta	474,722.00	Air tickets for three
Peter Tianta	500,000.00	Contingencies
Hon Olooltisati Nicholas Kamwaro	298,032.00	Per diem allowance to USA
Hon Stephen Kudate	273,904.00	Per diem allowance to USA
Hon Mary Chelagat	273,904.00	Per diem allowance to USA
Peter Tianta	8,900.00	Internal auditor (John Nyabwari) per diem and bus fare to Nairobi
Total	2,368,137.00	

This expenditure was not properly accounted for as it lacked the necessary documentations as follows;

- i) No receipt for summit registration fee of Ksh.465,675.00 was availed for audit.
- ii) The Nairobi night outs and USA per diems as shown above were not surrendered. These per diems were issued on the strength of various Internal Memos to the Clerk. It has not been explained why the imprest was issued to the Accountant instead of the respective officers who were traveling.

In the absence of these documentations, the propriety of the expenditure could not be confirmed.

(b) Trip to USA in June 2014

Documents available indicate that the County Assembly spent Kshs.11,702,696 on twenty (20) MCAs and officers to travel to USA from 29 June 2014 to 6 July 2014 as detailed below;

Item	No	VAT at 16%	Amount (Kshs.)	Remarks
Participation package per delegate visa processing, tours	20	120,000	2,400,000.00	Paid to M/S Keele Point
Allowances	20		5,445,376.00	Imprest to Nicholas Lenkoi

Contingencies			200,000.00	Imprest to Nicholas Lenkoi
Travel insurance Air ticket			113,820.00	Imprest to Nicholas Lenkoi
Air ticket	186,500		3,543,500.00	Payment voucher seen
Total			11,702,696.00	

This expenditure was not properly accounted for as it lacked the necessary documentations as follows;

- i) The County Assembly did not avail supporting documents for the trip.
- ii) The purpose of travelling to USA was also not stated.
- iii) In addition, the report on their findings was not availed for audit.

In the absence of all these support records and documentations, we could not confirm that the expenditure of the trip was genuine.

12.5 Foreign Trips to South Africa

The County Assembly spent Kshs. 9,111,094 for travelling to South Africa as detailed below.

Date	Imprest Warrant No./ PV No	Payee	Details	Amount (Kshs)
4/2/2014	1926630	Nicholus Lenkoi	Travel costs to South Africa	8,207,694.00
23/5/2014	665	Kosen Safaris	Travelling to South Africa	381,400.00
23/5/2014	663	KCA University	Travelling to South Africa	522,000.00
Total				9,111,094.00

a) Trip to South Africa in February 2014

It was observed that Mr. Nicholus Lenkoi was issued with imprest of Kshs.8,207,694 vide warrant number 1926630 dated 4 February 2014. The imprest was meant for travel cost, conference facilities and air tickets for members on official duty to South Africa.

The following issues were observed;

- i) No schedule was availed indicating the members who travelled to South Africa.
- ii) In the absence of supporting documents we could not establish how much was paid for conference facilities and air tickets.

- iii) The purpose of travelling to South Africa was not stated, and a report detailing the findings of the trip was not availed for audit.

In the absence of these documentation, the expenditure of Kshs.8,207,694 spent on the trip could not be confirmed.

b) Trip to South Africa in May 2014

The County Assembly paid KCA University Kshs.522,000 vide voucher number 663 of 23 May 2014 in respect of training fees for three (3) MCAs and an officer. It was noted the training was in respect of best practices for finance committees and was held in Johannesburg, South Africa.

	Name	Amount (Kshs)
1	Keiwua Resiato Mercy	73,800.00
2	Ronoh Lungun Joseph	73,800.00
3	Lenkoi Talengo Nicholus	73,800.00
4	Tianta Shakama Peter	73,800.00
	Total	295,200.00

- i) The payment voucher was not supported with travel documents such as air tickets and copies of passports. The authenticity of the expenditure could therefore not be confirmed.
- ii) In addition, the report on their findings was not availed for audit and therefore the benefit accruing from the training could not be ascertained.

In the absence of these supporting documents, the expenditure spent on the trip could not be confirmed.

12.6 Foreign Travel to Israel

Documents available indicate that the County Assembly spent Kshs.11,375,375 on eighteen MCAs and officers to travel to Israel from 23 June 2014 to 1 July 2014 as detailed below;

Item	No	VAT at 16%	Amount (Kshs)	Remarks
Participation package per delegate visa processing, tours	18	120,000	2,314,979.00	Paid to M/S Keele Point
Allowances	18		6,942,267.00	Imprest to Beatrice Masago
Contingencies			300,000.00	Imprest to Beatrice Masago
Travel insurance Air ticket			108,129.00	Imprest to Beatrice Masago
Air ticket	95,000		1,710,000.00	Payment voucher seen
Total			11,375,375.00	

- i) Ms Beatrice Masago was issued with an imprest of Kshs.7,350,396 vide warrant 2028313 of 25 June 2014 to cater for allowances, travel insurance and contingencies for the trip. As at the time of the audit this imprest had not been surrendered. Therefore the relevant supporting travel documentations i.e. air tickets and copies of passports were not availed for audit.
- ii) It was also noted that the travel was organized by M/S Kosen Safaris who was paid Kshs.2,314,979 vide voucher number 1085 of 29 June 2014 for air tickets for

the eighteen (18) MCAs. However, it was not clear how M/S Kosen Safaris was identified to offer the services and therefore we could not confirm that the Assembly got value for money on this procurement.

- iii) A schedule of the eighteen (18) MCAs who traveled was not availed and it was therefore not possible to confirm the specific MCAs who traveled.
- iv) The purpose of travelling to Israel was also not stated
- v) In addition, the report on their findings was not availed for audit.

In the absence of these documentation, the expenditure spent on the trip could not be confirmed.

12.7 Foreign Travel to Hong Kong

Documents available indicate that the County Assembly spent Kshs.11,079,640 on nineteen (19) MCAs and officers to travel to Hong Kong from 28 June 2014 to 4 July 2014 as detailed below;

Item	No	VAT at 16%	Amount (Kshs)	Remarks
Participation package per delegate visa processing, tours	19 @ 181,900	552,976	4,009,076.00	M/S Keele Point
Allowances	19 MCAs and Officers		4,745,480.00	Imprest to Brian Lemayian
Contingencies			280,000.00	Imprest to Brian Lemayian
Travel insurance Air ticket			108,129.00	Imprest to Brian Lemayian
Air ticket			1,936,955.00	Payment voucher seen
Total			11,079,640.00	

- i) Mr Brian Lemayian was issued with Kshs.5,133,609 vide warrant 2028317 of 24 June 2014 to cater for allowances and contingencies for the trip. As at the time of the audit this imprest had not been surrendered. Therefore the relevant supporting travel documentations were not availed for audit. .
- ii) A schedule of the nineteen (19) MCAs who traveled was not attached to the imprest warrant. It was therefore not possible to confirm the specific MCAs who traveled.
- iii) The purpose of travelling to Hong Kong was also not stated
- iv) Criteria for identifying the MCAs to travel was not stated

v) In addition, the report on their findings was not availed for audit.

In the absence of these documentation, the expenditure spent on the trip could not be confirmed.

13.0 Expenditure on Insurance

In the financial year under review the Assembly paid C.I.C. General Insurance Kshs.6,186,140 vide voucher No.544 of 1/4/2014 in respect of medical insurance for Narok County Assembly members and staff. However as at the time of the interim audit (June 2014) the company had not issued insurance policy documents to the Assembly, hence the terms of the cover not ascertained.

It was noted that procurement of services for the County Assembly procurement was being undertaken by the County executive since they had not established their own procurement department. In this respect C.I.C. General Insurance was in the list of prequalified providers of insurances services which was availed for audit. However it is not clear how the company was engaged to offer the services since opening, evaluation and tender awarding minutes were not availed for audit.

Further the County Assembly did not have a procurement plan for the year 2013/2014.

Recommendations

- i) Have a procurement plan should be in place for every financial year to guide on among other things the services to be procured, method of procuring them and their priorities etc.
- ii) Provide relevant minutes for opening, evaluation and award of insurance services
- iii) Provide all the insurance policy documents all the covers to ascertain their term

14.0 Ward Expenditure

14.1 Expenditure on Contractual Employees

Examination of the vote book indicated that an amount of Kshs. 3,575,081 was spent on contractual employees paid through Pv.No.505 of 10/03/2014 and 509 of 10/03/2014 for Kshs.2,326,183 and Kshs.1,248,898 respectively. However, the following weaknesses were noted:

- i) The respective physical payment vouchers were not availed for examination during the period of audit (June 2014).
- ii) The necessity of contractual employees together with their personal files were also not availed for examination. It was therefore not possible to determine their terms of engagement including salaries to be paid.

Recommendation

- i) The County Assembly should provide the missing payment vouchers for audit purposes.
- ii) Provide payrolls, personal files and authority for engaging contractual employees.

14.2 Ward Rent

Analysis of payment vouchers revealed that the County Assembly paid a uniform rent of Kshs.180,000 for every ward and per financial year. A sample of the rent payments was as follows;

Date	PV No	Payee	Amount (Kshs)	Details	Landlord
25/6/2014	951	Equity Bank	180,000.00	Shankoe Ward rent for July to June 2014	Mr. Sammy Cheruiyot Rotich
25/6/2014	957	Co-operative Bank	180,000.00	Kapsasian ward July 2013 to June 2014	Mrs Bornes Chepkemoi Rono
25/6/2014	956	Equity Bank	180,000.00	Kilgoris Central ward July 2013 to June 2014	Mrs siprosa Lakishoe Koya
19/6/2014	942	Co-operative Bank	48,000.00	Oloimasani ward Jan - June 2014	Mr Kiprono Langat Eric
19/6/2014	946	National Bank	60,000.00	Sagamian Ward- Rent for Jan- June 2014	Mrs Juliana Chemutai Langat
25/6/2014	989	Mr Murinka Ole Tikani	180,000.00	Oloropil ward rent 12 months	Mr Murinka Ole Tikani
19/6/2014	640	Jonathan Kantai	54,000.00	Majimoto/ Narosoora ward	Jonathan Kantai Ole Kudate
19/6/2014	953	Equity Bank	48,000.00	Melelo ward	Mr Kibet O Tonui
18/6/2014	952	Equity Bank	120,000.00	Mogondo ward July 13 to June 14	Mr Paul Kibet Terer
18/6/2014	948	Co-operative Bank	180,000.00	Mosiro ward July 13 to June 14	Mr Ngatire Ole Tingisha
18/6/2014	944	National Bank	72,000.00	Suswa ward Jan to June 2014	Mr Ochakunai Taon
18/6/2014	949	Co-operative Bank	180,000.00	Olokurto July 13 to June 14	Mr Tiampati Ole Kool
14/1/2014	310	Granite Holdings	350,000.00	Official residence of C/ Assembly speaker for Oct 13 to Feb 14	Rent at 70,000 per month
26/9/2013	120	Granite Holdings	350,000.00	Official residence of C/ Assembly speaker for May 13 to Sept 14	Rent at 70,000 per month
27/3/2014	527	Granite Holdings	140,000.00	Official residence of C/ Assembly speaker for March 14 to June 14	
18/6/2014	947	Equity Bank	180,000.00	Olpusimoru ward July 13 to June 14	Ms Grace Naisiano Ene Rotiken

The following anomalies were noted;

- i) The payment vouchers were supported by tenancy agreements and tax payer's registration certificate.
- ii) It was not clear how the County Assembly identified the premises to be rented since no procurement process was initiated.
- iii) Further, it was not clear how the figure of Kshs.180,000 was arrived at across all the wards

Recommendations

The management should address the issues raised.

15.0 Sitting Allowances

In financial year 2013/2014 the County Assembly budgeted to spend Kshs.22,000,000 on sitting (attendance) allowances. Analysis of schedules for members sitting allowance for the period January 2014 to June 2014 revealed expenditure of Kshs.13,397,900 as shown below.

Month	Amount (Kshs)
Jan-14	837,000.00
Feb-14	3,182,400.00
Mar-14	2,825,000.00
Apr-14	1,407,700.00
May-14	1,384,200.00
Jun-14	3,761,600.00
Total	13,397,900.00


However, the schedules for the months of July 2013 to December 2013 were not availed for audit therefore we could not establish how much was spent for the six (6) months.

Recommendations

The Assembly should provide details of the allowances paid in those six months or recover all unsupported allowances from MCAs.

Conclusion

The Narok County Assembly should address the anomalies raised in this report so as to ensure effective delivery of services to the people of Narok. Laid down Government procedures and processes should also be adhered to so as to ensure public resources are only utilized for purposes for which they were intended.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 August 2015