

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL OPERATIONS OF
MIGORI 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 MIGORI COUNTY ASSEMBLY FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Constitution of Kenya 2010 created a decentralized system of government by setting up forty seven (47) counties. The County Government of Migori has the county Executive and the County Assembly which is the legislative arm of the County. The County Assembly has 40 elected Members and 21 nominated members all totaling to 61 members.

Introduction

The management and financial operations audit for the year 2013/2014 covering the period 1 July 2013 to 30 June 2014 was undertaken to assess the adequacy and reliability of the management systems and internal controls instituted by the county management in running its affairs in as far as utilization of public funds is concerned.

Terms of Reference

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

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

Methodology

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

- Interviews with key officers at the County headquarters.
- Review of applicable legislation and regulations.
- Examination of payment vouchers, cashbooks, vote books, bank statements, bank slips, receipt books, procurement documents, stores records, asset registers and other related records.
- Review of minutes of various meetings and their resolutions regarding utilization of public funds.
- Physical inspection and verification.
- Observation of processes and activities.
- Review of documents used by management to monitor use of funds.

Scope and Determination of Responsibilities

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

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

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

KEY AUDIT FINDINGS

1.0 INTERNAL CONTROL ENVIRONMENT

- The County Assembly does not have a risk management policy thus exposes itself to both financial and operational risks.

- There is little or no segregation of duties in the accounts department due to inadequacy of staff.
- There are no documented and effective policies and procedures.
- The County Assembly does not have an effective internal audit function. There is no internal audit committee and no clear reporting structure. There is no evidence of value addition accruing from the services of the internal audit office in as far as oversight functions expected from such a unit.

2.0 POOR RECORD MAINTENANCE

There was general poor maintenance of accounting records by the county assembly. Payment vouchers were not serially numbered. Authorization for payments was not complete in most instances. There was no evidence that the Finance Officer had authorized the payment vouchers, thus defeating the purpose of internal controls and checks. No dates were indicated for most payments, neither was examination carried out before payments were made. There were also no ledgers generated from financial transactions by the Assembly.

3.0 CURRENT ASSETS

3.1 Outstanding Imprests- Ward Offices Expenses

The County Assembly issued imprests totalling to Kshs. 28,800,000 to MCAs for running ward offices during the year under review. Accountability documents indicating the payees at the ward level were provided for our review, however these were not conclusive to account for the imprests because they lacked certification by the MCAs that the returns were true and factual as well as receipts and other supporting documents for office running expenses.

3.2 Mortgage and Car Loans facilities to MCA's

A review of the financial records revealed that various MCAs were granted mortgages and car loans facilities on diverse dates between December 2013 and June 2014 all totaling to Kshs. 5,670,000. The recovery of applicable interest had not been effected by the time of audit.

3.3 Double Expenses for MCAs while in Mombasa

Members of County Assembly, while attending a workshop at Sai Rock Hotel in Mombasa for amendment of standing orders and team building were paid per diems and other allowances all totalling to Kshs. 5,080,000. However, full board accommodation had already been paid hence double payment for the same service. There were also six (6) family members of a participant included in the final bill settled for the event.

4.0 NON-CURRENT ASSETS

4.1 Direct Procurement of Furniture

The County assembly procured furniture worth Kshs. 9,125,872 without following the correct procurement procedures. The County Assembly tender committee recommended the use of 3 quotations as opposed to open tender on the basis that it was an urgent procurement.

5.0 BUDGET PERFORMANCE

5.1 Non-taxation of Sitting Allowance of Members of County Assembly

A review of the sitting allowances paid to members of the County Assembly Service Board revealed that payments totalling to Kshs 3,637, 300 were made without being subjected to Pay As You Earn (PAYE) at source, as required by the Income Tax Act.

5.2 Overpayment of Sitting Allowances to MCA's while attending Committee Sessions

A sample of committee sessions payments indicated that MCAs who are members of project implementation, Labour and Social Welfare, Agriculture, Health and Justice committees were paid sitting allowances ranging between Kshs 8,000 to Kshs 12,000 per sitting instead of the range between Kshs. 3,900 and Kshs. 6,500, in accordance with the Salaries and Remuneration Commission circular ref. No.SRC/TS.CGOVT/3/16/ of 27 November 2013, resulting to overpayment of Kshs. 810,400. The allowances did not go through IPPD payroll, and were not subjected to Pay as You Earn (PAYE) at source.

5.3 Hire of Taxi Services

During the year under review, the assembly procured taxi services totalling to Kshs. 1,225,800. The payment vouchers did not indicate the tasks the respective officers performed during the travels. The criteria for the rates charged were not explained by management. In addition, the services were not competitively procured. There were also instances where support documents were not attached to the payment vouchers.

5.4 Unsupported Travelling and Subsistence Expenses

Members of the County Assembly are purported to have attended various workshops in the year under review, however no invitation letters or internal memos supporting the planning of the workshops were attached to the payment vouchers. Payment vouchers for the workshops were only supported by signed payment schedules for allowances to participants.

It was noted that MCAs were paid Kshs. 8,000 for per diems as per descriptions on the payment vouchers while travelling within the County, a rate that applies to Nairobi, Mombasa, Kisumu, Malindi, Kilifi, Lamu and Kwale, as per the applicable circular. The explanation given was that the per diem was Kshs. 5,000 and the balance was transport costs. However, it is not justifiable to pay per diems for working within a county as this is within the working station and also the transport cost seems exorbitant.

5.5 Foreign Trips by Members of County Assembly

The County Assembly spent Kshs. 2,372,704 on foreign trips by members of the County Assembly to Rwanda, Uganda and Canada. Details as to the benefits of the trips to the County and as to why those specific destinations were selected, was not clear from the documents available during the planning and after the trips. Only one report from the Uganda trip was seen by the audit team.

Even though such trips are important for benchmarking and obtaining crucial information that can assist the County Assembly in undertaking its mandate, it is necessary to ensure that the benefits accruing from such trips is clear from the onset and a proper follow-up is done from the outcomes there from.

5.6 Payment of Sitting Allowances to the County Assembly Tender Committee members

During the year under review, the Tender committee members were paid sitting allowances totalling to Kshs. 564,000 contrary to the Public Procurement and Disposal Regulation, 2006 part II section 12 (5) which allows payment of honoraria but not sitting allowances. The sitting allowance was made to the chairman and other members at the rate of Kshs. 6,500 and Kshs. 6,000 respectively without any basis. Further these allowances were not subjected to Pay As You Earn at source as required by Income Tax Act. Further Kshs. 157,000 was paid to the tender committee members performing tender evaluation duties in total disregard of the procurement regulations which does not allow tender committee members to be involved in tender evaluation. In the circumstances, the propriety of the expenditure of Kshs. 564,000 could not be confirmed.

5.7 Sitting Allowance to County Assembly Public Service Board

The County Assembly Public Service Board (CASB) of five (5) members held a total of 94 meetings between 1 July 2013 and 31 March 2014. The members composed of the Chairman, Vice Chairman and three other members who were paid Kshs. 12,000, Kshs. 10,000 and Kshs. 8,000 instead of Kshs. 6,500, Kshs. 5,200 and Kshs. 3,900 respectively as stipulated by the Salaries and Remuneration Commission. In the circumstances Kshs. 363,000, Kshs. 326,400 and Kshs. 869,200 all totalling to Kshs. 1,558,600 was overpaid to the Chairman, Vice Chairman and the three members respectively.

Recommendation

The overpayment of Kshs. 2,055,800 should be recovered from the members.

5.8 Unsupported Hotel and Accommodation Expenses

During the year under review, the Assembly made payments in respect of accommodation, conference facilities and meals amounting to Kshs 3,138,407 that did not have adequate support documentation in form of signed attendance lists or receipts from the suppliers acknowledging receipt of the payments. There is also no evidence that the required procurement procedures of selecting suppliers for such services were followed.

Recommendation

Expenditures should be adequately supported and properly accounted for.

5.9 Procurement of the Medical Insurance Cover

During the year, the County Assembly procured staff medical cover at a cost of Kshs 23,325,114. Even though, there was evidence of quotations from various suppliers and the awarded supplier being lowest amongst them, the correct procurement procedure was not followed as such, this required open tender method to be followed than the use of quotations.

Recommendation

The law on procurement should be adhered to at all times. This ensures that there is competition amongst prospective suppliers which subsequently ensures that value for money is achieved.

5.10 Unremitted Statutory Deductions

The salaries and other emoluments for County Assembly staff and MCAs were being paid to the recipients net of statutory deductions. However, the deductions for NSSF and NHIF were not being remitted to the relevant organizations as required by law. A review of the payroll for the months of April, May and June 2014 revealed that a total of Kshs 1,609,541 had been deducted but not remitted to the statutory bodies.

5.11 Unsupported Bus Fares

Kshs 583,000 was paid to members of the County Assembly and staff in form of fares during meetings or functions held out of station in the period April to June 2014. However, bus tickets for journeys were not attached to the payment vouchers. Some of the payments had no dates of travel nor station visited.

5.12 Purchase of Fuel, Oils and Lubricants

The following anomalies were noted from the review of Purchases of fuel and lubricants:

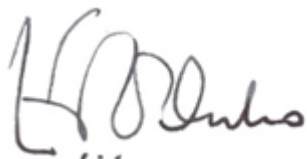
- i) The County Assembly purchased Fuel, Oils and Lubricants worth Kshs. 4,199,000 in the period April to June 2014 from various suppliers. However, there

were no procurement documents provided for the purchases to ascertain whether the proper procedures were followed.

- ii) The Assembly purchased Fuel, Oils and Lubricants which could not easily be ascertained as to which vehicles were being fueled because there were no detailed orders issued when vehicles are drawing fuel. Further the relevant work tickets were not availed for audit verification e.g. the Assembly paid Migori Petrol Service Station for Fuel, Oils and Lubricants Kshs. 200,000 but, the detailed orders used were not availed for review.

5.13 Payment of Commuter Allowances to Members of the County Assembly.

All members of the County Assembly were paid a maximum monthly mileage allowance of Kshs. 39,528 each with effect from January 2014 irrespective of the distance from their homes to the Assembly contrary to SRC circular Ref No SRC/TS/CGOVT/3/16 dated 15 November 2013 which provides that each member be paid mileage allowance at standard rate of Kshs 109.80 per km up to a maximum of 45 kilometers return. In our opinion this expenditure appears to be exaggerated since members of the County Assembly from places like Suna West and East, Uriri, Awendo, Kuria West and some parts of Nyatike constituencies are far below the 45 kilometers radius.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

27 May 2015

Nairobi

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

DETAILED AUDIT FINDINGS

1.0 INTERNAL CONTROL ENVIRONMENT

The overall internal control environment of the County Assembly has been assessed and found to have been inadequate and specifically the following weaknesses noted:

- The County Assembly does not have a risk assessment and risk management policy thus being exposed to both financial and operational risks.
- There is little or no segregation of duties due to inadequacy of staff in the accounts department.
- There are no documented and effective policies and procedures.
- The County Assembly does not have an effective internal audit function. There is no internal audit committee and no clear reporting structure. There is no evidence of value addition accruing from the services of the internal audit office in as far as oversight functions expected from such a unit

Recommendations

- i. Management should take steps to strengthen the general control environment including ensuring that top management does not override those controls.
- ii. The development of a risk assessment and management strategy to address both financial and operational risks should be fast tracked including testing its effectiveness.
- iii. The strengthening of internal audit with clear reporting structure to the highest governing body of the Assembly. The function must also have staff with adequate expertise and experience in internal audit, financial management and internal controls.

- iv. There should be tangible and documented processes and procedures for all spheres of the County Assembly structure. These include and not limited to human resource policies and procedures, finance procedures, ICT procedures, risk management amongst others.

2.0 POOR RECORD MAINTENANCE

There was general poor maintenance of accounting records by the county assembly. Payment vouchers were not serially numbered. Authorization for payments was not complete in most instances. There was no evidence that the Finance Officer had authorized the payment vouchers, thus defeating the purpose of internal controls and checks. No dates were indicated in most payments, neither was examination carried out before payments were made. There were also no ledgers generated from financial transactions by the Assembly.

There was also no evidence of budgetary control procedures when processing of payments at the Assembly and this coupled with poor record keeping made it impossible to ascertain whether budgets were being adhered to. Again most payments were processed through cash, which may be misused.

A comparison between cash books summaries and quarterly returns to the county executive reveals differences that cannot be explained. It is therefore not possible to establish the true record of expenditure.

During the audit, it was also noted that some of the payment vouchers retrieved from the physical records had not been captured in the expenditure summaries that had been submitted to the County Executive in the quarterly returns. For example, in the quarter four returns the following anomalies were noted:

	Payment vouchers selected for review (KShs)	Expenditure summaries totals (Kshs)
Salaries and allowances	41,266,848	13,020,000
Assets acquisition, professional and consultancy and ward operations	50,884,499	37,388,000

Recommendations

Proper systems of records control and maintenance should be instituted as a matter of urgency. Controls in place should also be adhered to by all including the senior management and the County assembly members.

The accounting function needs to be strengthened to facilitate maintenance and production of reliable accounting information.

3.0 CURRENT ASSETS

3.1 Outstanding Imprests - Ward Offices Expenses

The County Assembly Treasury issued imprest of Kshs. 28,800,000 (Kshs. 2,400,000 per month) to elected MCAs for running ward offices during the year under review. Accountability documents indicating the payees at the ward level were provided for our review, however they were not conclusive to account for the imprests

In addition, the following issues were noted from the review of returns from the wards in support of the expenditures:

- i) Some of the rent payments were unreasonably high considering the areas where the wards are located. This raises the question whether they are genuine payments. There were cases where rents were as high as Kshs 15,000 per month.
- ii) There were cases where, one office had a manager, an assistant manager, a personal assistant, a secretary, two people manning security, office clerk and other staff which in our view is not the most efficient use of the scarce public funds.

Recommendations

- i. All officers holding overdue imprests should surrender them immediately. Also the controls and procedures for accounting for the monies need to be enhanced for greater accountability and transparency.
- ii. The ward officers should be paid directly by the County Assembly and not by the MCA's.
- iii. The employment of staff at the wards should be controlled so that there is no haphazard recruitments and payments.

3.2 Mortgage and Car Loans facilities to MCA's

A review of the financial records reveals that various MCAs were granted advance mortgages and car loans facilities on diverse dates between December 2013 and June 2014 totaling to Kshs.5,670,000. The recovery of applicable interest had not been effected at the time of audit. The delay in recovery of interest exposes the Assembly to possible risk of non-recovery.

Recommendations

All loan recoveries and interest should be done promptly to reduce possible exposure to default and losses.

3.3 Double Expenses for MCAs while in Mombasa.

The County Assembly of Migori sponsored a workshop at Sai Rock Hotel in Mombasa for its MCAs on amendment of Standing orders and team building.

- (i) While attending the workshop, the MCAs were paid per diems totalling Kshs. 4,470,000, and yet full board accommodation had been paid hence double payment for the same service.
- (ii) In addition to the per diems paid, each MCA received Kshs. 10,000 as out of pocket allowance all totalling to Kshs. 610,000.
- (iii) Further, on close scrutiny of the hotel bill, it was noted that six (6) additional people were paid for accommodation and meals. This composed of four (4) adults and two (2) children. These were understood to have been family members of some of the participants. Their identities were not disclosed.

Recommendations

The per diems and allowances totalling Kshs. 5,080,000 which was in excess of what was due should be recovered from the recipients and costs of external parties of Kshs 96,000.00 recovered from affected members should be recovered from the affected officials.

4.0 NON-CURRENT ASSETS

4.1 Direct Procurement of Furniture

The County assembly procured furniture worth Kshs. 9,125,872 without following the correct procurement procedures. The County Assembly tender committee recommended the use of 3 quotations as opposed to open tender on the basis that it was an urgent procurement. The Public Procurement and Disposal Act clearly states the circumstances for urgent procurements and this particular case does not appear to meet the requirements of Section 74(2) (a) of the Act.

Recommendations

The purchase of furniture for the County Assembly was not done in accordance with the due process and the same should be avoided in future and those responsible surcharged.

5.0 BUDGET PERFORMANCE

5.1 Non-taxation of Sitting Allowance of Members of County Assembly

A review of the sitting allowances paid to members of the County Assembly Service Board revealed that payments amounting to Kshs. 3,637, 300 were paid to members without being subjected to Pay As You Earn (PAYE) as required by the Income Tax Act.

Recommendation

All allowances paid to staff and committee members should be subjected to the relevant taxes at source. Taxes on the noted allowances above should be deducted on future payments to the members and remitted to the Kenya Revenue Authority.

5.2 Overpayment of Sitting Allowances to MCA's while attending Committee Sessions

A sample of committee sessions payments indicated that MCAs who are members of project implementation, Labour and Social Welfare, Agriculture, Health and Justice committees were paid sitting allowances ranging between Kshs 8,000 to Kshs 12,000 per sitting instead of the allowed between Kshs. 3,900 and Kshs. 6,500, in accordance

with Salaries and Remuneration Commission circular Ref. No.SRC/TS.CGOVT/3/16/ of 27 November 2013, resulting to overpayment of Kshs. 810,400. The allowances did not go through IPPD payroll, and were not subjected to Pay as You Earn (PAYE) at source.

Recommendation

The overpayments should be recovered from the affected members and approved rates applied in accordance with Salaries and Remuneration Commission circular ref. No.SRC/TS.CGOVT/3/16/ of 27 November 2013

5.3 Hire of Taxi Services

During the period under review, the assembly procured taxi services amounting to Kshs. 1,225,800. Examination of the payment vouchers for the payments did not indicate the tasks the respective officers performed during the travels. The rates charged were also not standard. In addition, the services were not competitively procured. There were also instances where support documents were not attached to the payment vouchers.

Recommendation

The reasons for the trips should be justified and approved. The sourcing of such services should in future follow the laid down procurement procedures.

5.4 Unsupported Travelling and Subsistence Expenses

- There were no invitation letters or internal memos supporting the planning of the various workshops held during the period. Payment vouchers for the workshops were only supported by signed payment schedules for allowances to participants.
- It was noted that MCAs were paid Kshs. 8,000 for per diems totalling Kshs. 6,226,000 as per descriptions on the payment vouchers while travelling within and outside the County, a rate that applies to Nairobi, Mombasa, Kisumu, Malindi, Kilifi, Lamu and Kwale, as per the applicable circular. The explanation given was that the per diem was Kshs. 5,000 per payee (total Kshs. 4,299,000) and the balance of Kshs. 1,927,000 being transport costs. However, it is not justifiable to pay per diems for working within a county as this is within the working station and also the transport cost seems exorbitant.

Recommendation

The per diems within the county should be discouraged and only reasonable transport reimbursements made where very necessary.

5.5 Foreign Trips by Members of County Assembly

5.5.1 Trips to Uganda and Canada

The County Assembly spent Kshs. 2,372,704 on foreign trips by members of the County Assembly to Uganda and Canada. Details as to the benefits of the trips to the County and as to why those specific destinations were selected, was not clearly apparent from the documents available during the planning and after the trips. Only one report from the Uganda trip was seen by the audit team.

5.5.2 A Trip to Netherlands

Further, there were instances where MCAs were paid for more days than what was required as per the detailed itinerary of the trips. For example, five MCAs travelled to Netherlands for the European Conference on Child Abuse and Neglect Conference. The delegation was to depart from Kenya on 19th May 2014 and come back on 30th May 2014, a period of twelve days. However, there were MCAs paid extra 10 days. In total an extra KShs 3,628,800 was spent on the extra days.

5.5.3 A Trip to Rwanda

A number of MCAs travelled to Rwanda on an exchange programme. Each received per diem for 6 days, (Ksh 112,850). Details of this trip such as type of exchange programme and duration were not obtained. Documents on actual period of travel such as passports, boarding passes have not been availed for audit. We therefore could not ascertain whether the trips actually took place.

Even though, such trips are important for benchmarking and obtaining crucial information that can assist the County Assembly in undertaking its mandate, it is necessary to ensure that the benefits accruing from such trips is clear from the onset and a proper follow-up is done from the outcomes there from.

Recommendations

- The extra payments for the foreign trips should be recovered from the MCAs and all future travels should be accounted for fully.
- The Kshs. 3,628,800 overpaid on the Netherlands trip should be recovered from the affected officers.
- The Assembly should start imprest system rather than outright payment before the officer's travel.
- Officers who cannot support their journeys should be made to refund the money paid for such trips.

5.6 Payment of Sitting Allowances to the County Assembly Tender Committee members

During the year under review, the Tender committee members were paid sitting allowances totalling to Kshs. 564,000 contrary to the Public Procurement and Disposal Regulation, 2006 part II section 12 (5) which allows payment of honoraria but not sitting allowances. The sitting allowance was made to the chairman and other members at the rate of Kshs. 6,500 and Kshs. 6,000 respectively without any basis. In addition, these allowances were not subjected to Pay As You Earn at source as required by Income Tax Act. An amount of Kshs. 157,000 included in the above payment, was in relation to tender opening and evaluation that was paid to the tender committee members which is in total disregard of the procurement regulations where they perform functions of tender committee and tender evaluation. In the circumstances, the propriety of the expenditure of Kshs. 564,000 could not be confirmed.

Recommendations

The County Assembly should approve honoraria rates payable to tender committee members and any overpayments recovered from the members.

Further, tender committee members should not be involved in tender evaluation exercises.

5.7 Sitting Allowance to County Assembly Public Service Board

The County Assembly Service Board (CASB) with a membership of 5 held 94 meetings between 1 July 2013 and 31 March 2014. The members were paid at the rates over and above those approved by Salaries and Remuneration Commission. The members composed of the Chairman, Vice Chairman and three other members were paid Kshs. 12,000, Kshs. 10,000 and Kshs. 8,000 instead of Kshs. 6,500, Kshs. 5,200 and Kshs. 3,900 respectively as stipulated by the Salaries and Remuneration Commission. In the circumstances Kshs. 363,000, Kshs. 326,400 and Kshs. 869,200 all totalling to Kshs. 1,558,600 was overpaid to the Chairman, Vice Chairman and the three members respectively.

Recommendation

The County Assembly should use the approved rates and any overpayments be recovered from the members. However, the overpayments should be recovered.

5.8 Unsupported Hotel and Accommodation Expenses

During the year under review, Migori County Assembly made payments in respect of accommodation, conference facilities and meals amounting to Kshs. 3,138,407 that did not have adequate support documentation in form of signed attendance lists or receipts from the suppliers acknowledging receipt of the payments. There is also no evidence that the required procedures of selecting suppliers for such services were adhered to in form of quotations and selection criteria.

Recommendation

Expenditures should be adequately supported and properly accounted for.

5.9 Procurement of the Medical Insurance Cover

During the year, the County Assembly procured a staff medical cover for a sum of Kshs 23,325,114. Even though, there was evidence of quotations from various suppliers and the awarded supplier being lowest amongst them, there is no evidence that the correct procurement procedure was followed. Such, expenditure requires that open tender method is followed in the absence of other factors that would necessitate the use of other alternative procedures.

Recommendation

The law on procurement should be adhered to at all times. This ensures that there is competition amongst prospective suppliers which subsequently ensures that value for money is achieved.

5.10 Unremitted Statutory Deductions

The salaries and other emoluments for County Assembly staff and MCAs were being paid to the recipients net of statutory deductions. The deductions for NSSF and NHIF were not being remitted to the relevant organizations as required by law. A review of the payroll for the months of April, May and June 2014 revealed that a total of Kshs 1,609,541.00 had been deducted but not remitted to the statutory bodies.

Recommendation

Management should ensure that the deductions from the payroll are remitted to Kenya Revenue Authority required by law to reduce possibilities of interest and penalties being levied on the unremitted deductions.

5.11 Unsupported Bus Fares

An amount of Ksh 583,000 was paid to members of the County Assembly and staff in form of fares during meetings or functions held out of station in the period April to June 2014. However, bus tickets for journeys were not attached to the payment vouchers. Some of the payments had no dates of travel nor station visited.

Recommendation

Management should provide supporting evidence that the officers used the stated amounts for purposes of travelling.

5.12 Purchase of Fuel, Oils and Lubricants

The following anomalies were noted from the review of purchases of fuel and lubricants:

- i) The County Assembly purchased Fuel, Oils and Lubricants worth Kshs.4,199,000 in the period April to June 2014 from various suppliers. However, there were no procurement documents provided for these purchases to ascertain whether the proper procedures were followed.
- ii) The Assembly purchased Fuel, Oils and Lubricants which could not easily be ascertained as to which vehicles were being fueled because there were no

detailed orders issued when vehicles are drawing fuel. Further the relevant work tickets were not availed for audit verification e.g. the Assembly paid Migori Petrol Service Station for Fuel, Oils and Lubricants an amount of Kshs. 200,000 but, the detailed orders used were not availed for review.

Recommendations

Procurement procedures should be followed strictly in the purchase of fuel, oils and lubricants.

Measures should be put in place to monitor use of fuel, oils, and lubricants at the County Assembly.

The County Assembly needs to develop measures that guard against misuse of this important expenditure item.

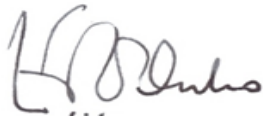
5.13 Payment of Commuter Allowances to Members of the County Assembly

All the members of the County Assembly were paid a maximum monthly mileage allowance of Kshs. 39,528 each with effect from January 2014 irrespective of the distance from their homes to the assembly contrary to SRC circular Ref No SRC/TS/CGOVT/3/16 dated 15 November 2013 which provides that each member be paid mileage allowance at standard rate of Kshs 109.80 per km up to a maximum of 45 kilometers return. In our opinion this expenditure appears to be exaggerated since members of the County Assembly from places like Suna West and East, Uriri, Awendo, Kuria West and some parts of Nyatike constituencies are far below the 45 kilometers radius.

Recommendations

Allowances irregularly paid should be recovered.

Payment of monthly mileage allowance should be based on distance covered between the members' home and the County Headquarters.



Edward R. O. Ouko, CBS

AUDITOR-GENERAL

Nairobi

27 May 2015