

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

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

EXECUTIVE SUMMARY

Introduction

The Auditor-General has the mandate to audit and report on the accounts of the National and County Governments under Article 229 of the Constitution and the Public Audit Act, 2003. Further, the Constitution and Section 107 of the Public Finance Management Act, 2012 requires the County Treasury to adhere to the principles of public finance.

Audit Objectives

The objective of the audit was to ensure existence of internal controls for proper accountability of Public resources, confirm that procurement of goods, works and services was done in accordance with the Public Procurement and Disposal Act, 2005 and related regulations and that public funds have been utilized effectively and in accordance with the law.

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 and performance
- 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
- Consultancy services
- Imprests and advances
- Cash and bank balances
- Human Resource Records
- IT Environment
- Non-current assets
- Debtors
- Creditors

Key Audit Finding

1.0 Allowances

1.1 Foreign Travel and Subsistence Allowance

Audit review of the financial records maintained by the County Assembly of Turkana showed that advance payments totalling Kshs.10,423,628 were made to Members of the County Assembly in form of foreign travel and subsistence allowance in visiting USA, Singapore and Israel in the months of October 2013, February 2014 and March 2014 respectively. The payments were not in form of imprest contrary to the requirement of Section 5.6 of the Government Financial Regulations and Procedures that requires officers to be advanced cash in form of imprest but were instead expensed. Further, the payment documents availed for audit were not supported by copies of stamped passports to confirm that the members of the County Assembly were indeed in those countries.

1.2 Fact Findings on Agriculture and Natural Resource

Records of the County Assembly availed for audit review indicated that during the months of January and February 2014, various house committees were paid in advance amounts totalling Kshs.1,160,000 for attending fact findings on Agriculture and Natural Resources. However, the money was not paid in form of imprest as required by Section 5.6 of the Government Financial Regulations and Procedures but was instead directly expensed. Further, work tickets for the vehicles used were not availed for audit review in support of the journeys made.

1.3 Payment of Sitting Allowances to the Members of the County Assembly

Records availed for audit review indicated that the Members of the County Assembly were paid allowances totalling Kshs.52,997,000 for the eight months ended 30 June, 2014 out of which Kshs.1,092,000 was irregularly paid to Members of the County Assembly as sitting allowance while the members were out of the country in the months of February and March, 2014.

Further, attendance registers for the Committee Sittings were not availed for audit review.

2.0 Expenditure on County Assembly Ward Offices

2.1 County Assembly Ward Offices

A review of the records of the County Assembly indicated that Kshs.5,400,000 was spent as rent on the 30 new ward offices opened for the members of the County Assembly for the year ended 30 June 2014. However, it is not clear and the Clerk of the County Assembly has not explained if the County Public Service Board has given approval for establishment of the offices as required under Section 60 of the County Government Act,

2012. Further, the Clerk has not provided information on how the offices were procured and the rent payable determined.

2.2 Salaries in County Assembly Ward Offices

Information available indicate that for the year ended 30 June 2014, Kshs.25,140,000 was incurred on employees in the 30 County Assembly Ward offices. However, no information was availed for audit review to confirm that the vacancies were competitively advertised and interviews conducted in line with the County Government Act, 2012. Further, it was not possible to determine the criteria used for determining the salaries paid to the staff. Also, a review of the Assembly budget for the year 2013/2014 revealed that there was no budgetary provision for the personnel emoluments for Ward offices.

3.0 Hire of Transport Services

A review of procurement records showed that a member of the County Assembly was paid a total of Kshs.411,000 in respect of car hire services contrary to the provisions of Section 33(1) of the Public Procurement and Disposal Act, 2005. Further, there was no evidence on how the supplier was identified to supply the services. Consequently, the propriety of the expenditure of Kshs.411,000 could not be confirmed.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

20 May 2015

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

DETAILED AUDIT FINDINGS

1.0 Allowances

1.1 Foreign Travel and Subsistence Allowance

Audit review of the financial records maintained by the County Assembly of Turkana showed that advance payments totalling Kshs.10,423,628 were made to members of the County Assembly in form of foreign travel and subsistence allowance in visiting USA, Singapore and Israel in the months of October 2013, February 2014 and March 2014 respectively. The payments were not in form of imprest contrary to the requirement of Section 5.6 of the Government Financial Regulations and Procedures that requires officers to be advanced cash in form of imprest but were instead expensed. Further, the payment documents availed for audit were not supported by copies of stamped passports to confirm that the members of the County Assembly were indeed in those countries. Also, the training programmes while abroad and reports of what was learnt were not availed for audit verification and it was not clear whether the same was subsequently tabled in the County Assembly as required by the standing orders.

Recommendation

Officers, including members of County Assembly on official duties out of their duty station should be issued with individual temporary imprests which, should be accounted for or surrendered within 48 hours after returning to duty station as required by the regulations governing imprests and be supported by copies of stamped passports as prove of travel and reports of what was learnt laid before the house as required by standing orders.

1.2 Fact Findings on Agriculture and Natural Resource

Records of the County Assembly availed for audit review indicated that during the months of January and February 2014, various house committees were paid in advance amounts totalling Kshs.1,160,000 for attending fact finding on Agriculture and Natural Resources. However, the money was not paid in form of imprest as required by Section 5.6 of the Government Financial Regulations and Procedures but was instead directly expensed. Further, work tickets for the vehicles used were not availed for audit review in support of the journeys made. Also, reports of the meetings held were not provided for audit review or evidence that the same was tabled in the County Assembly as required by the standing orders.

Recommendation

Management should ensure that each officer on official duties out of the duty station is issued with individual temporary imprest which should be accounted for or surrendered

on return from the journey in accordance with the Government Financial Regulations and Procedures governing issuance of imprests together with the necessary supporting documentation. Further, the members of the Assembly should be urged to surrender their imprest as required by the Government financial regulations and procedures failure to which the same is recovered from the members' payroll as per the law.

1.3 Payment of Sitting Allowances to the Members of the County Assembly

Records availed for audit review indicated that the members of the County Assembly were paid allowances totalling Kshs.52,997,000 for the eight months ended 30 June, 2014 out of which Kshs.1,092,000 was irregularly paid to members of the County Assembly as sitting allowance while the members were out of the country in the months of February and March, 2014. Further, attendance registers for the Committee Sittings were not availed for audit review. No explanation has been provided for paying sitting allowances for the days the members did not attend the Assembly sittings.

Recommendation

The management should ensure that members of the Assembly are only paid sitting allowances for actual sittings attended subject to the set maximum of four for plenary and four for committee per week. Management should also ensure that proper attendance registers for House Committee Sittings is in place to support sitting allowances paid/payable.

In addition, management should ensure that the irregularly paid allowances totalling Kshs.1,092,000 are recovered from the officers.

2.0 Expenditure on County Assembly Ward Offices

2.1 County Assembly Ward Offices

A review of the records of the County Assembly indicated that Kshs.5,400,000 was spent as rent on the 30 new ward offices opened for the members for the year ended 30 June 2014. However, it is not clear and the Clerk of the County Assembly has not explained if the County Public Service Board has given approval for establishment of the offices as required under Section 60 of the County Government Act, 2012. Further, the Clerk has not provided information on how the offices were procured and the rent payable determined.

Also a review of the County Assembly budget for the year 2013/2014 revealed that there was no budgetary provision for rental costs for the ward offices. Consequently the expenditure on the offices amounting to Kshs.5,400,000 was ineligible.

Recommendation

Management should ensure that expenditure incurred is in accordance with the approved budget and that provisions of the County Government Act, 2012 relating to establishing of public offices are adhered to. Further the accounting officer responsible should be held

liable for the expenditure which is contrary to the Government financial regulations and procedures.

2.2 Salaries in County Assembly Ward Offices

Information available indicate that for the year ended 30 June 2014, Kshs.25,140,000 was incurred on staff employed in the 30 County Assembly Ward offices. However, no information was availed for audit review to confirm that the vacancies were competitively advertised and interviews conducted in line with the County Government Act, 2012. Further, it was not possible to determine the criteria used for determining the salaries paid to the staff. Also, a review of the Assembly budget for the year 2013/2014 revealed that there was no budgetary provision for the personnel emoluments for Ward offices. Consequently the payments of Kshs.25,140,000 in respect of personnel emoluments for employees of the ward offices amounts to ineligible expenditure.

Recommendation

Management should ensure that expenditure incurred is in accordance with the approved budget and that provisions of the County Government Act, 2012 relating to establishing of public offices are adhered to. Further, vacant positions in the ward offices should be filled through a competitive and transparent process in accordance with the prescribed appointment or promotion procedures.

3.0 Hire of Transport Services

A review of procurement records showed that a member of the County Assembly was paid a total of Kshs.411,000 in respect of car hire services contrary to the provisions of Section 33(1) of the Public Procurement and Disposal Act, 2005. Further, there was no evidence on how the supplier was identified to supply the services. Consequently, the propriety of the expenditure of Kshs.411,000 could not be confirmed.

Recommendation

The management should ensure that the provisions of the Public Procurement and Disposal Act, 2005 and Regulations of 2006 and 2013 are adhered to in the procurement of goods and services.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

20 May 2015